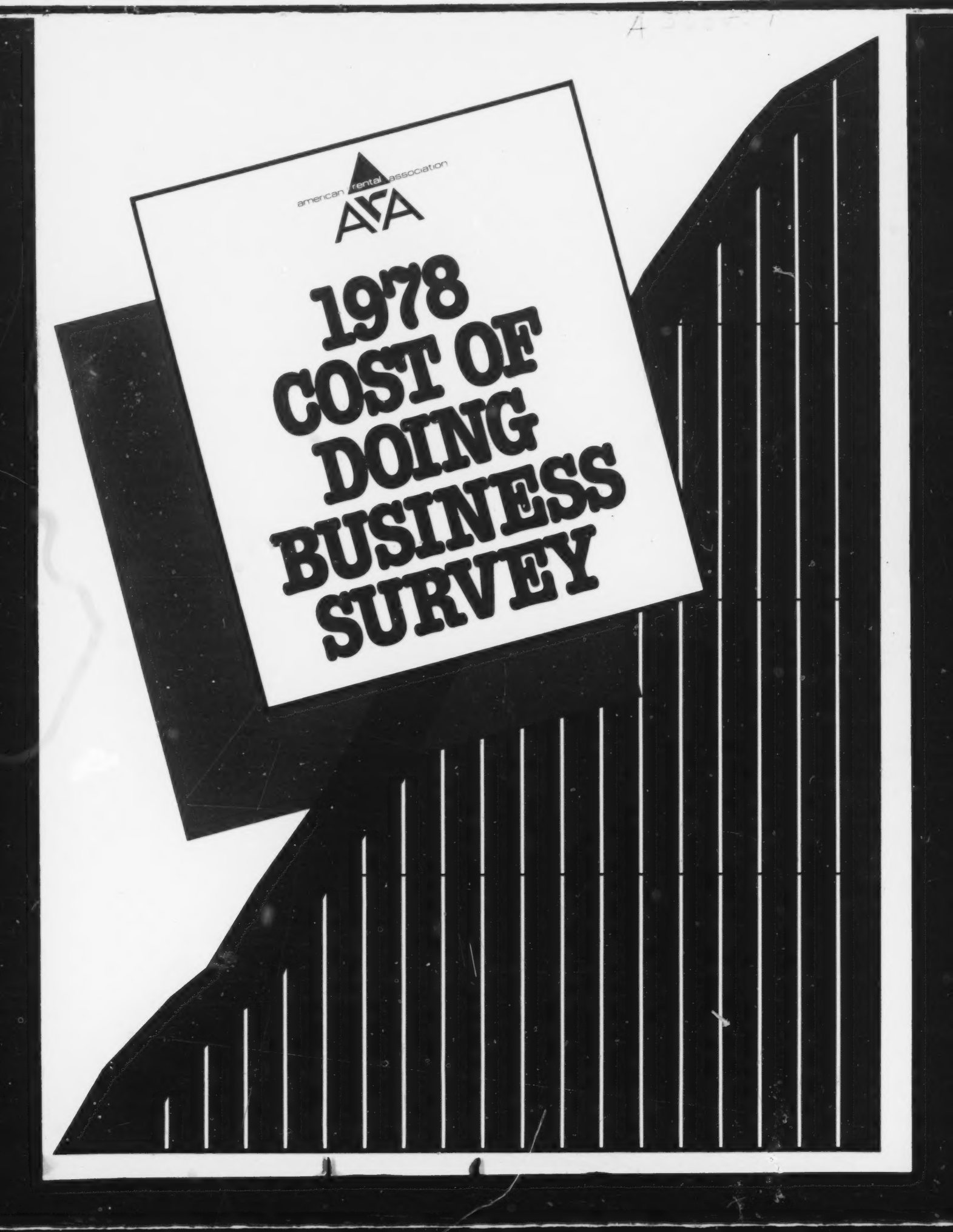
NOTE

This Microfiche meets the quality requirements of the American National Standard for Microfiche of Documents (ANSI PH5.9-1975). However, because of imperfections in the document from which it was made, it contains images that are illegible or difficult to read. Although better copy could not be obtained prior to filming, the Microfiche will be replaced should better copy later become available.

Congressional Information Service, Inc
Washington, D.C.

CIS


american rental association
ARA
1978
COST OF
DOING
BUSINESS
SURVEY

COST OF DOING BUSINESS SURVEY

Prepared for –
American Rental Association, Inc.
2920 – 23rd Avenue
Moline, Illinois 61265

Prepared by –
Eugene K. Ogier, Joyce McCorkle and
Dean C. Coddington
Browne, Bortz & Coddington
100 South Madison Street
Denver, Colorado 80209

September, 1979

TABLE OF CONTENTS

A REVIEW OF 1978 1
Profitability
Expenses
Financial Condition
Other Financial Indicators
Other Comments

SECTION I. FINANCIAL DATA FOR ALL RESPONDENTS 4

SECTION II. FINANCIAL DATA RELATED TO SIZE OF FIRM 8

SECTION III. FINANCIAL DATA RELATED TO SOURCE OF REVENUES 12

SECTION IV. FINANCIAL DATA RELATED TO TYPE OF EQUIPMENT RENTED 19
Construction and Industrial Equipment
General Rental
Medical and Party Goods

SECTION V. FINANCIAL DATA RELATED TO REGIONS 23

© 1979, American Rental Association, Inc.

A REVIEW OF 1978

There were 322 respondents to the 1978 Cost-of-Doing-Business Survey, and they reported total revenues of $228.8 million. The distribution of respondents, by revenue group, was:

	Number of Respondents			
Revenue Group	1978	1977	1976	1975
0 to $100,000	27	30	33	39
$100,001 – $200,000	54	68	67	78
$200,001 – $500,000	116	102	111	87
$500,001 – $1.0 million	75	55	42	30
Over $1.0 million	50	48	36	21
Total Respondents	322	303	289	255
Total Revenues (millions)	$228.8	$197.1	$154.1	$107.2

Figures 1 and 2 show sources of revenues and expenses for all respondents. Figures 3 and 4 show the ratio of operating profit to gross operating profit for 1975-1978 by size, source of revenue and type of equipment rented.

Profitability

Profitability was up substantially in 1978. Return on investment averaged 33.7 percent in 1978 compared with 27.4 percent a year earlier. Total reported profits were $24.0 million, or an average of nearly $75,000 per responding rental firm.

Profitability related to size of firm. Return on investment (ROI) was highest for the larger firms, with those with revenues in excess of $1.0 million earning an average of 36.7 percent. Firms with less than $100,000 in revenues averaged 12.7 percent ROI.

On the basis of return on total assets, firms in the middle size ranges performed best. Those in the $200,001 to $500,000 range averaged 15.4 percent, and those in the next category ($500,001 to $1 million) averaged 15.6 percent. These are the highest rates of return on assets ever reported since the Cost-of-Doing-Business surveys were initiated in 1971.

Profitability related to source of revenue. In 1978, the average return on investment was essentially the same for firms predominantly in the rental business and for the more sales-oriented firms. Those firms primarily in rentals realized a 16.9 percent return on total assets vs. 12.4 percent for the other firms. Return on revenues were also higher for those firms realizing 70 percent or more of their revenues from rentals – 12.9 percent vs. 7.8 percent for the other group.

Profitability related to type of equipment rented. As in the prior year, there was little difference in ROI among firms in the two primary groups (construction and industrial, general rentals); both groups were over 33 percent. Firms in the medical, party and audio-visual group averaged 27.2 percent ROI.

Profits on rental investment and return on assets were similar for all three groups. Return on rental investments was in the 31 to 33 percent range, and return on assets averaged 15 percent.

Operating profits as a percent of gross profits were highest for the construction and industrial firms (14.8 percent). General rental firms averaged 12.3 percent and medical, party and audio-visual rental firms averaged 10.9 percent on gross operating profits.

Profitability related to geographic area. Firms in Regions 4 (Southwest) and 9 (Pacific) experienced a 42.0 percent average ROI in 1978. Region 2 (Eastern) firms were also above average with a 37.0 percent ROI. Southwest Region firms also had a high 24.2 percent return on assets and 46.6 percent return on rental investment.

Expenses

Salaries and wages, benefits. This expense item dropped in relative importance for the fourth straight year. Salaries and wages averaged 31.9 percent of gross operating profits in 1978; this compared with 34.9 percent in 1975.

On the other hand, employee benefits and taxes were up to 4.26 percent of gross operating profits. These costs have risen steadily over the years.

Other expenses. Expenses as a percent of gross operating profits are shown in Table 1-2. Bad debt expense (1.18 percent) was up in 1978; telephone and communications costs (.97 percent) were down. Insurance costs (3.86 percent) have increased steadily over the past four years. Advertising and promotional expenses (2.17 percent) and association and travel costs (.82 percent) were both lower than in the prior three years.

Financial Condition

The overall financial condition of rental firms changed little in 1978. The current ratio (1.4) was the same as in 1976 and 1977, and the average net worth (44.3 percent) dropped slightly. The respondents tended to have a slightly smaller percent of cash (5.8 percent) and somewhat higher accounts receivables (15.8 percent) than in previous years.

Smaller firms, as a group, did show substantial improvement in 1978. For example, the average current ratio increased from .7 in 1977 to 1.8 in 1978.

Other Financial Indicators

Proprietor salaries and drawings for those firms

reporting averaged $33,200 in 1978, compared with $30,300 in 1977 and $29,400 in 1976.

Yellow Page advertising for those firms reporting averaged $5,400 per firm in 1978 vs. $4,500 in 1977, $4,000 in 1976 and $3,500 in 1975.

Other Comments

More detailed tabulation for firms in each major rental category will be available through the respective councils.

BBC is grateful to the 322 firms that participated in the 1978 survey. As in previous years, over one-third of the respondents submitted their financial statements to be transcribed by BBC.

FIGURE 1. SOURCES OF REVENUE, 322 RESPONDENTS, 1978

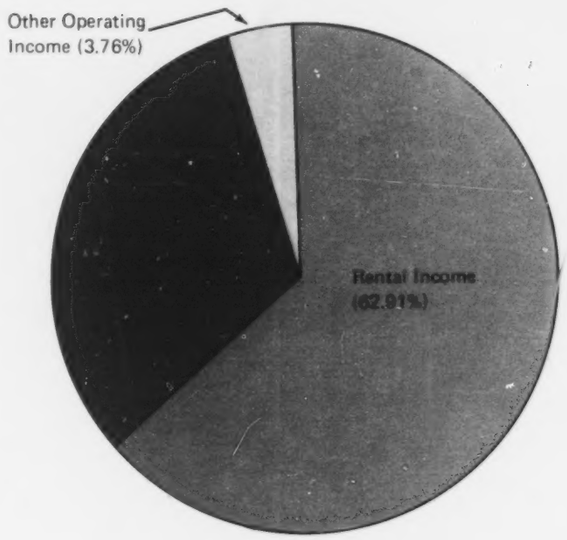


FIGURE 2. MAJOR EXPENSE CATEGORIES, 322 RESPONDENTS, 1978

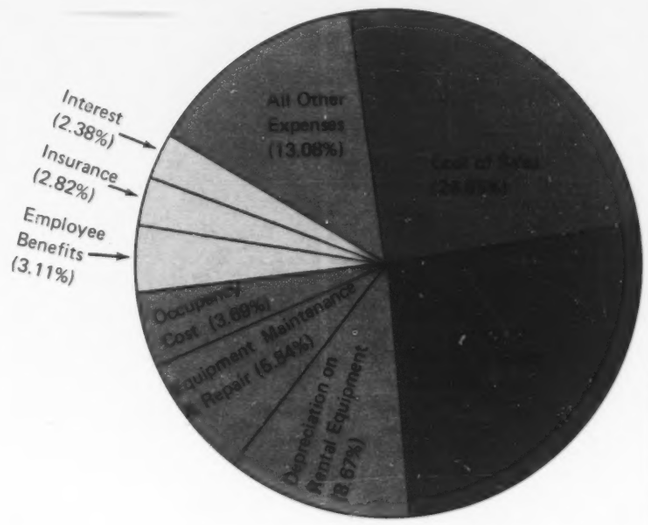


FIGURE 3. RATIO OF OPERATING PROFIT TO GROSS OPERATING PROFIT BY REVENUE CATEGORY, 1975 – 1978.

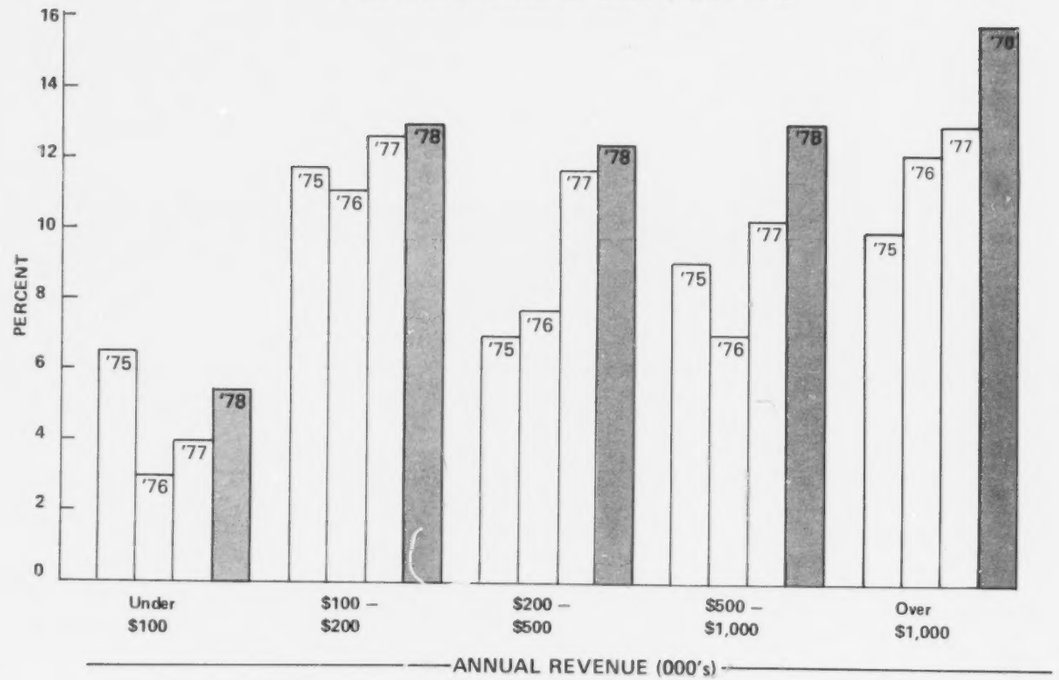
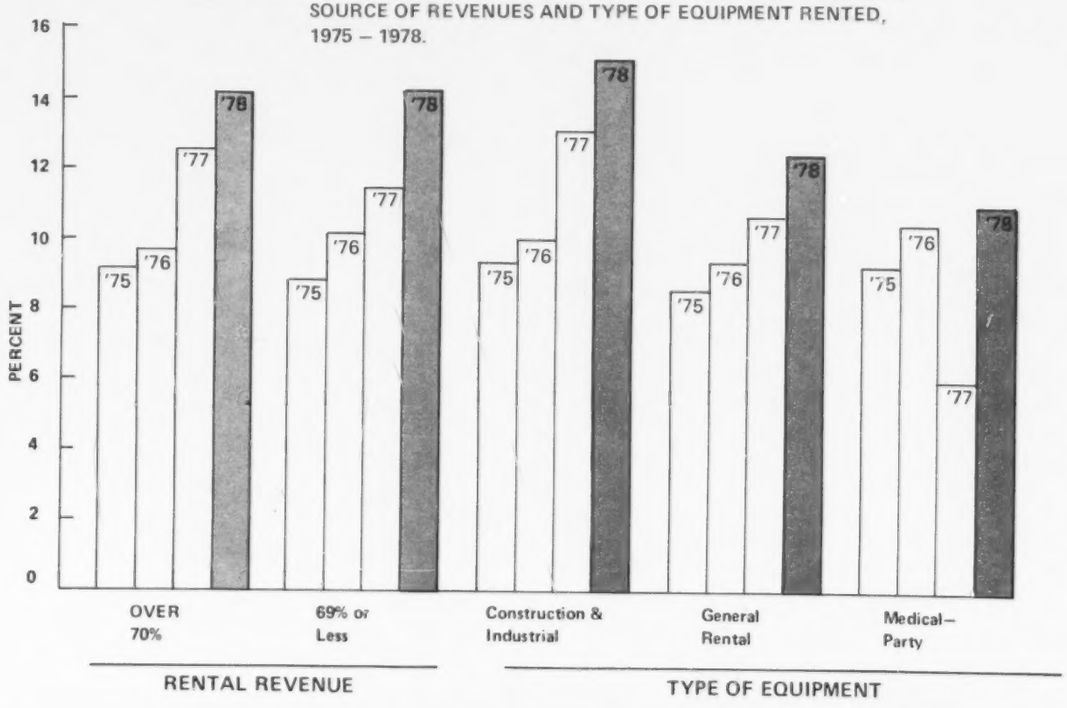


FIGURE 4. RATIO OF OPERATING PROFIT TO GROSS OPERATING PROFIT BY SOURCE OF REVENUES AND TYPE OF EQUIPMENT RENTED, 1975 – 1978.



SECTION 1. FINANCIAL DATA FOR ALL RESPONDENTS

The 322 responding firms had revenues of $228.8 million, up 16.1 percent from the $197.1 million reported in 1977.

Key financial ratios for 1978 and the three previous years are shown below:

FINANCIAL RATIOS	1978	1977	1976	1975
CURRENT RATIO (current assets÷current liabilities)	1.4	1.4	1.4	1.3
ACID TEST RATIO (cash, marketable securities and accounts receivable÷current liabilities)	.85	.77	.78	.72
RETURN ON INVESTMENT (net income before taxes÷net worth)	33.7%	27.4%	23.2%	23.3%
RETURN ON TOTAL ASSETS (net income before taxes÷total assets)	14.9%	12.2%	10.4%	10.7%
RETURN ON REVENUES (net income before taxes÷revenues)	10.5%	8.6%	7.4%	7.6%
AVERAGE COLLECTION PERIOD (accounts receivable÷average daily revenues)	41 days	38 days	38 days	35 days
PROFITS ON RENTAL INVESTMENT (net income before taxes÷net rental equipment)	32.5%	28.0%	24.6%	23.8%
TOTAL REVENUES TO RENTAL INVESTMENT (total revenues÷net rental equipment)	3.1 times	3.3 times	3.3 times	3.1 times
RENTAL REVENUES TO RENTAL INVESTMENT (rental income÷net rental equipment)	1.9 times	1.9 times	2.0 times	2.1 times

Shown below is a table containing the ratio of major expenses and net operating profit to gross operating profit for all respondents:

PERCENTS OF GROSS OPERATING PROFIT:				
Salaries and Wages	31.9%	32.7%	34.2%	34.9%
Employee Benefits	4.3	3.9	3.8	3.5
TOTAL	36.2	36.6	38.0	38.4
Depreciation (All)	13.4	13.3	14.1	15.6
Occupancy Cost	5.1	5.5	5.9	6.0
Equipment Maintenance and Repair	8.0	7.7	8.0	8.3
Interest	3.3	3.3	3.4	3.0
Advertising and Promotion	2.2	2.3	2.3	2.5
Insurance	3.9	3.6	3.1	2.7
Shop Supplies and Expense	3.0	3.0	2.7	2.4
OPERATING PROFIT	14.0	12.0	9.9	9.2

Table I-1 aggregates income and expense for all firms, 1975 through 1978. Table I-2 provides more detail on expenses, and Table I-3 presents aggregate balance sheets for the same four years.

TABLE I–1. SUMMARY OF INCOME AND EXPENSE, ALL RESPONDENTS

Income and Expense Categories	1978 Dollars	1978 Percent of Total Income	1977 Dollars	1977 Percent of Total Income	1976 Dollars	1976 Percent of Total Income	1975 Dollars	1975 Percent of Total Income	Insert Your Own Figures Here
Rental Income	143,965,208	62.91	116,695,518	59.12	93,947,482	60.97	70,778,317	66.01	_____
Merchandise & Equipment Sales	76,268,865	33.33	73,160,942	37.12	53,664,026	34.82	31,939,682	29.79	_____
Other Operating Income	8,602,969	3.76	7,224,154	3.67	6,487,149	4.21	4,510,736	4.21	_____
Total Operating Income	228,837,042	100.00	197,080,614	100.00	154,098,657	100.00	107,228,735	100.00	_____
Less Cost of Sales	61,447,750	26.85	56,543,458	28.69	41,911,609	27.20	24,349,568	22.71	_____
Gross Operating Profit	167,389,292	73.15	140,537,156	71.31	112,187,048	72.80	82,879,167	77.29	_____
OPERATING EXPENSES:									
Salaries and Wages	53,437,013	23.35	45,914,405	23.30	38,353,101	24.89	28,946,418	27.00	_____
Employee Benefits and Taxes	7,127,145	3.11	5,542,023	2.81	4,309,246	2.80	2,897,341	2.70	_____
Equipment Maintenance and Repair	13,357,170	5.84	10,852,399	5.51	8,947,216	5.81	6,854,629	6.39	_____
Shop Supplies and Expense	5,039,516	2.20	4,273,806	2.17	3,057,252	1.98	1,962,802	1.83	_____
Occupancy Cost	8,444,878	3.69	7,753,154	3.93	6,565,950	4.26	4,935,715	4.60	_____
Bad Debts Expense	1,976,599	0.86	1,361,248	0.69	1,281,711	0.83	914,929	0.85	_____
Office Supplies and Expenses	2,229,534	0.97	1,734,000	0.88	1,480,786	0.96	1,118,914	1.04	_____
Associations and Travel Expense	1,377,989	0.60	1,330,326	0.68	1,282,011	0.83	922,102	0.86	_____
Legal and Accounting	1,558,314	0.68	1,491,521	0.76	1,097,535	0.71	786,182	0.73	_____
Telephone and Other Communication	1,617,481	0.71	1,672,041	0.85	1,383,755	0.90	898,802	0.84	_____
Automobile and Truck Expense	3,695,382	1.61	3,290,769	1.67	2,551,084	1.66	2,171,433	2.03	_____
Insurance	6,456,842	2.82	5,096,577	2.59	3,458,896	2.24	2,254,533	2.10	_____
Advertising and Promotion	3,627,624	1.59	3,173,416	1.61	2,517,842	1.63	2,039,569	1.90	_____
Other Taxes	2,476,723	1.08	2,154,004	1.09	1,884,858	1.22	1,292,272	1.21	_____
Interest	5,445,276	2.38	4,588,317	2.33	3,805,042	2.47	2,518,048	2.35	_____
Franchise Fees	542,801	0.24	199,450	0.10	179,886	0.12	183,922	0.17	_____
Depreciation, Non-Rental Equipment	2,612,517	1.14	2,048,338	1.04	1,545,721	1.00	982,648	0.92	_____
Other Operating Expenses	3,152,561	1.38	4,538,387	2.30	3,088,394	2.00	1,611,315	1.50	_____
TOTAL OPERATING EXPENSES	124,175,365	54.26	107,014,181	54.30	86,790,286	56.32	63,291,574	59.02	_____
Operating Profit Before Rental Depr.	43,213,927	18.88	33,522,975	17.01	25,396,762	16.48	19,587,593	18.27	_____
Depreciation on Rental Equipment	19,847,064	8.67	16,690,170	8.47	14,285,807	9.27	11,944,326	11.14	_____
OPERATING PROFIT	23,366,863	10.21	16,832,805	8.54	11,110,955	7.21	7,643,267	7.13	_____
Other Income and Expense (Net)	668,915	0.29	137,716	0.07	334,123	0.22	479,395	0.45	_____
NET INCOME BEFORE INCOME TAXES	24,035,778	10.50	16,970,521	8.61	11,445,078	7.43	8,122,662	7.58	_____
NUMBER OF RESPONDENTS	222		303		289		255		

Special Notes for 1978

Proprietors' salary and drawings (average for firms reporting)	$33,227
Percent of total income (70 firms)	6.0%
Yellow Pages advertising (average for firms reporting)	$5,436
Percent of total advertising (175 firms)	41.5%

Note: Due to rounding, percentages may not add to the one-hundredth of a percent.

TABLE I–2. EXPENSES AS A PERCENT OF GROSS OPERATING PROFIT

EXPENSE CATEGORIES	1978	1977	1976	1975
GROSS OPERATING PROFITS	100.00	100.00	100.00	100.00
EXPENSES:				
Salaries and Wages	31.82	32.67	34.19	34.93
Employee Benefits & Taxes	4.28	3.94	3.86	3.50
Equipment Maintenance & Repair	7.96	7.72	7.98	8.27
Shop Supplies & Expense	3.01	3.04	2.73	2.37
Occupancy Cost	5.06	5.52	5.85	5.96
Bad Debt Expense	1.18	.97	1.14	1.10
Office Supplies & Expense	1.33	1.23	1.32	1.35
Association & Travel Expense	.82	.95	1.14	1.11
Legal & Accounting	.93	1.06	.98	.95
Telephone & Other Communications	.97	1.19	1.23	1.08
Auto & Truck Expense	2.21	2.34	2.28	2.62
Insurance	3.66	3.63	3.08	2.72
Advertising & Promotion	2.17	2.26	2.25	2.46
Other Taxes	1.48	1.53	1.68	1.56
Interest	3.26	3.26	3.39	3.04
Franchise Fees	.32	.14	.16	.22
Depreciation–Non-Rental Equipment	1.56	1.46	1.38	1.19
Other Operating Expenses	1.88	3.23	2.75	1.94
Depreciation–Rental Equipment	11.86	11.88	12.73	14.41
OPERATING PROFIT	13.96	11.98	9.90	9.22

TABLE I–3. SUMMARY OF BALANCE SHEETS, ALL RESPONDENTS

	1978		1977		1976		1975		Insert Your Own Figures Here
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	
CURRENT ASSETS:									
Cash	9,360,172	5.81	8,960,731	6.45	7,231,680	6.54	4,569,316	6.03	
Accounts Receivable (Net)	25,503,071	15.84	20,492,375	14.75	15,932,935	14.42	10,338,064	13.64	
Merchandise Inventories	17,992,461	11.17	19,072,314	13.73	15,941,695	14.42	9,750,810	12.86	
Marketable Securities	1,760,390	1.09	1,529,494	1.10	1,183,568	1.07	479,851	0.63	
Prepaid Expenses	3,637,650	2.26	2,741,441	1.97	1,770,041	1.60	1,417,044	1.87	
Supplies Inventory	763,132	0.47	671,681	0.48	251,012	0.23	351,215	0.46	
Other Current Assets	1,299,159	0.81	1,715,552	1.24	1,096,210	0.99	694,449	0.92	
Total Current Assets	60,316,035	37.46	55,183,588	39.73	43,407,141	39.28	27,600,749	36.41	
Rental Equipment–Net Book Value	73,847,834	45.86	60,594,413	43.63	46,447,452	42.03	34,089,685	44.98	
Other Fixed Assets–Net Book Value	21,297,468	13.23	16,408,565	11.81	14,319,231	12.96	11,496,150	15.17	
Total Fixed Assets	95,145,302	59.09	77,002,978	55.44	60,766,683	54.98	45,585,835	60.14	
Other Assets	5,562,297	3.45	6,711,177	4.83	6,342,007	5.74	2,608,507	3.44	
TOTAL ASSETS	161,023,634	100.00	138,897,743	100.00	110,515,831	100.00	75,795,091	100.00	
CURRENT LIABILITIES:									
Accounts Payable	10,726,227	6.66	9,858,189	7.10	8,776,467	7.94	5,630,246	7.43	
Current Notes Payable	20,133,753	12.50	16,717,683	12.04	12,691,286	11.48	9,190,965	12.14	
Contracts Payable	3,797,466	2.36	6,465,274	4.65	4,129,105	3.74	3,190,566	4.21	
Customers' Rental Deposits	388,504	0.24	269,330	0.19	389,342	0.35	192,684	0.25	
Accrued Expenses	4,196,045	2.61	3,554,539	2.56	2,161,520	1.96	1,429,179	1.89	
Taxes Payable	2,844,019	1.77	2,811,738	2.02	2,025,794	1.83	1,013,100	1.34	
Other Current Liabilities	949,725	0.59	1,199,566	0.86	1,039,680	0.94	690,392	0.91	
Total Current Liabilities	43,035,732	26.73	40,876,319	29.43	31,213,194	28.24	21,345,132	28.17	
Long-term Debt	42,838,774	26.60	32,565,983	23.45	27,201,654	24.61	17,343,057	22.88	
Other Liabilities	3,789,414	2.35	3,521,166	2.54	2,708,345	2.45	2,268,918	2.99	
Total Liabilities	89,663,920	55.68	76,963,468	55.41	61,123,193	55.31	40,957,107	54.04	
Net Worth	71,359,714	44.32	61,934,275	44.59	49,392,638	44.69	34,837,984	45.96	
TOTAL LIABILITIES AND NET WORTH	161,023,634	100.00	138,897,743	100.00	110,515,831	100.00	75,795,091	100.00	
NUMBER OF RESPONDENTS	331		303		289		255		

Note: Due to rounding, percentages in this and other tables may not add to the one-hundredth of a percent.

SECTION II. FINANCIAL DATA RELATED TO SIZE OF FIRM

Tables II-1 through II-3 present income and expense, balance sheet and financial ratios for rental firms in each of five size categories. These data are for 1978 and the previous three years.

Figure II-2 presents ROI by size of firms for each of the past four years. The pattern for 1978 differs from earlier years in that firms in the middle categories ($200,001 to $1,000,000) performed much better than in previous years.

FIGURE II–1. RETURN ON INVESTMENT BY SIZE OF FIRM, 1975 – 1978

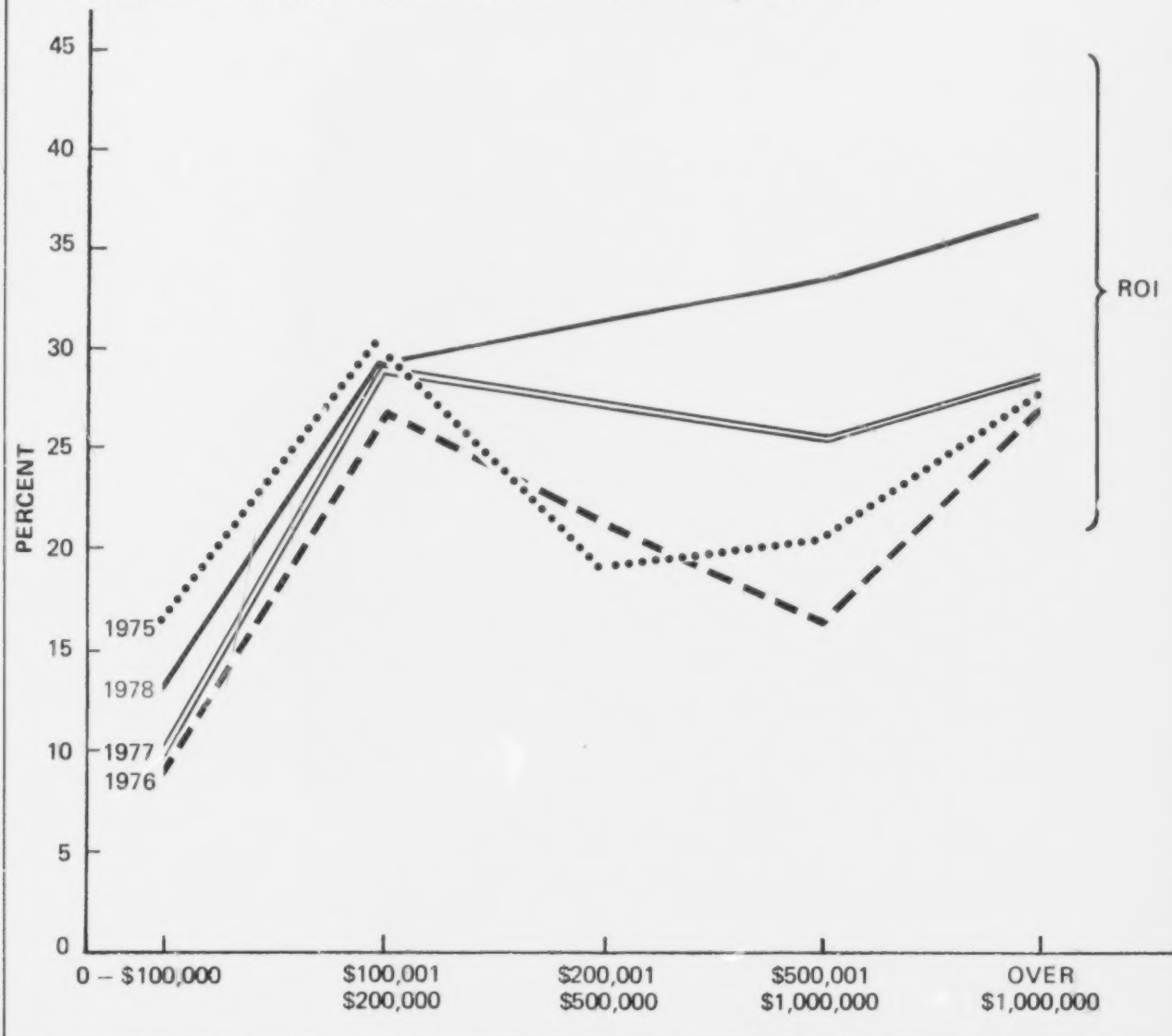


TABLE II–1. INCOME AND EXPENSE BY ANNUAL REVENUE, 1978

	$000–100,000		$100,001–200,000		$200,001–500,000		$500,001–1 Million		Over–1 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
Rental Income	1,553,006	83.71	6,542,006	79.41	30,344,242	81.16	40,915,533	76.60	64,610,421	50.50
Merchandise & Equipment Sales	204,873	11.04	1,391,963	16.90	5,922,811	15.84	10,714,062	20.06	58,035,156	45.36
Other Operating Income	97,337	5.25	303,810	3.69	1,118,992	2.99	1,785,056	3.34	5,297,774	4.14
Total Operating Income	1,855,216	100.00	8,237,779	100.00	37,386,045	100.00	53,414,651	100.00	127,943,351	100.00
Less Cost of Sales	207,922	11.21	1,120,017	13.60	4,693,827	12.56	8,721,622	16.33	46,704,362	36.50
Gross Operating Profit	1,647,294	88.79	7,117,762	86.40	32,692,218	87.44	44,693,029	83.67	81,238,989	63.50
OPERATING EXPENSES:										
Salaries and Wages	424,926	22.90	2,113,198	25.65	10,743,016	28.74	14,689,965	27.50	25,465,908	19.90
Employee Benefits and Taxes	40,167	2.17	226,359	2.75	1,216,829	3.25	1,835,184	3.44	3,808,606	2.98
Equipment Maintenance and Repair	129,740	6.99	486,185	5.90	2,611,882	6.99	4,078,339	7.64	6,051,024	4.73
Shop Supplies and Expense	41,988	2.26	206,072	2.50	922,582	2.47	1,410,257	2.64	2,458,617	1.92
Occupancy Cost	174,489	9.41	615,959	7.48	1,847,333	4.94	2,177,430	4.08	3,629,667	2.84
Bad Debts Expense	10,144	0.55	30,177	0.37	269,316	0.72	485,232	0.91	1,181,730	0.92
Office Supplies and Expenses	30,108	1.62	86,953	1.06	409,741	1.10	579,605	1.09	1,123,127	0.88
Associations and Travel Expense	17,117	0.92	73,421	0.89	300,455	0.80	283,320	0.53	703,676	0.55
Legal and Accounting	19,802	1.07	63,918	0.78	341,827	0.91	437,260	0.82	695,507	0.54
Telephone and Other Communications	30,947	1.67	86,784	1.05	321,252	0.86	381,948	0.72	796,550	0.62
Automobile and Truck Expense	39,536	2.13	132,174	1.60	633,607	1.69	993,931	1.86	1,896,134	1.48
Insurance	69,122	3.73	290,817	3.53	1,419,827	3.80	1,803,518	3.38	2,873,558	2.25
Advertising and Promotion	78,147	4.21	287,908	3.49	918,776	2.46	968,446	1.81	1,374,347	1.07
Other Taxes	20,283	1.09	127,738	1.55	522,562	1.40	717,428	1.34	1,088,712	0.85
Interest	98,690	5.32	290,384	3.53	956,022	2.56	1,258,524	2.36	2,841,656	2.22
Franchise Fees	25,776	1.39	43,321	0.53	267,785	0.72	155,788	0.29	50,131	0.04
Depreciation, Non-Rental Equipment	25,157	1.36	134,010	1.63	479,199	1.28	771,590	1.44	1,202,561	0.94
Other Operating Expenses	31,923	1.72	144,509	1.75	718,474	1.92	766,552	1.44	1,491,103	1.17
TOTAL OPERATING EXPENSES	1,308,062	70.51	5,439,887	66.04	24,900,485	66.60	33,794,317	63.27	58,732,614	45.91
Operating Profit Before Rental Depr.	339,232	18.29	1,677,875	20.37	7,791,733	20.84	10,898,712	20.40	22,506,375	17.59
Depreciation on Rental Equipment	242,398	13.09	761,858	9.25	3,757,452	10.05	5,114,313	9.57	9,970,543	7.79
OPERATING PROFIT	96,334	5.19	916,017	11.12	4,034,281	10.79	5,784,399	10.83	12,535,832	9.80
Other Income and Expense (Net)	18,045	0.97	24,384	0.30	153,755	0.41	360,268	0.67	112,463	0.09
NET INCOME BEFORE INCOME TAXES	114,379	6.17	940,401	11.42	4,188,036	11.20	6,144,667	11.50	12,648,295	9.89
NUMBER OF RESPONDENTS	27		54		116		75		50	

TABLE II–2. BALANCE SHEETS BY ANNUAL REVENUE, 1978

	$000–100,000		$100,001–200,000		$200,001–500,000		$500,001–1 Million		Over–1 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:										
Cash	293,389	12.88	404,661	5.65	2,361,899	8.69	2,848,571	7.25	3,451,652	4.05
Accounts Receivable (Net)	171,056	7.51	307,682	4.29	2,268,287	8.35	5,320,320	13.54	17,435,726	20.48
Merchandise Inventories	109,468	4.81	387,336	5.41	1,526,586	5.62	2,262,621	5.76	13,706,450	16.10
Marketable Securities	30,228	1.33	121,572	1.70	307,708	1.13	571,898	1.46	728,984	0.86
Prepaid Expenses	38,900	1.71	203,792	2.84	490,300	1.80	931,517	2.37	1,973,141	2.32
Supplies Inventory	7,727	0.34	13,896	0.19	113,574	0.42	242,350	0.62	385,585	0.45
Other Current Assets	10,804	0.47	109,787	1.53	240,517	0.89	534,025	1.36	404,026	0.47
Total Current Assets	661,572	29.04	1,548,726	21.62	7,308,871	26.91	12,711,302	32.36	38,085,564	44.73
Rental Equipment–Net Book Value	1,230,846	54.03	3,736,064	52.15	13,699,403	50.43	20,070,870	51.10	35,110,651	41.24
Other Fixed Assets–Net Book Value	373,630	16.40	1,463,070	20.42	4,695,836	17.29	5,197,372	13.23	9,567,560	11.24
Total Fixed Assets	1,604,476	70.43	5,199,134	72.57	18,395,239	67.72	25,268,242	64.33	44,678,211	52.48
Other Assets	12,102	0.53	416,260	5.81	1,459,960	5.37	1,300,194	3.31	2,373,781	2.79
TOTAL ASSETS	2,278,150	100.00	7,164,120	100.00	27,164,070	100.00	39,279,738	100.00	85,137,556	100.00
CURRENT LIABILITIES:										
Accounts Payable	101,068	4.44	190,850	2.66	1,152,538	4.24	2,165,237	5.51	7,116,534	8.36
Current Notes Payable	229,068	10.06	815,821	11.39	1,965,589	7.24	4,501,731	11.46	12,621,544	14.82
Contracts Payable	11,547	0.51	86,301	1.20	555,861	2.05	833,765	2.12	2,309,985	2.71
Customers' Rental Deposits	512	0.02	24,079	0.34	92,384	0.34	67,275	0.17	204,254	0.24
Accrued Expenses	5,805	0.25	16,476	0.23	476,684	1.75	745,361	1.90	2,951,719	3.47
Taxes Payable	15,070	0.66	76,646	1.07	509,939	1.88	723,825	1.84	1,518,539	1.78
Other Current Liabilities	457	0.02	29,325	0.41	187,734	0.69	235,589	0.60	496,620	0.58
Total Current Liabilities	363,527	15.96	1,239,498	17.30	4,940,729	18.19	9,272,783	23.61	27,219,195	31.97
Long-term Debt	808,471	35.49	2,484,362	34.68	7,630,836	28.09	9,571,089	24.37	22,344,016	26.24
Other Liabilities	205,057	9.00	301,627	4.21	1,189,924	4.38	971,316	2.47	1,121,490	1.32
Total Liabilities	1,377,055	60.45	4,025,487	56.19	13,761,489	50.66	19,815,188	50.45	50,684,701	59.53
Net Worth	901,095	39.55	3,138,633	43.81	13,402,581	49.34	19,464,550	49.55	34,452,855	40.47
TOTAL LIABILITIES AND NET WORTH	2,278,150	100.00	7,164,120	100.00	27,164,070	100.00	39,279,738	100.00	85,137,556	100.00
NUMBER OF RESPONDENTS	27		54		116		75		50	

TABLE II–3. FINANCIAL RATIOS BY REVENUE CATEGORY, 1975–1978

Financial Ratio	0–$100,000				$100,001–$200,000				$200,001–$500,000				$500,001–$1,000,000				Over 1 Million			
	1978	1977	1976	1975	1978	1977	1976	1975	1978	1977	1976	1975	1978	1977	1976	1975	1978	1977	1976	1975
Current Ratio	1.82	.70	.84	1.14	1.25	1.05	1.01	.97	1.48	1.38	1.22	1.20	1.37	1.52	1.38	1.58	1.40	1.34	1.51	1.32
Acid Test Ratio	1.36	.35	.55	.69	.67	.72	.72	.47	1.00	.85	.81	.74	.94	.91	.85	1.00	.79	.72	.77	.68
Return on Investment	12.7%	9.0%	9.3%	16.0%	29.9%	29.5%	26.9%	30.0%	31.2%	27.3%	21.1%	18.9%	31.6%	25.2%	16.2%	20.0%	36.7%	28.6%	27.2%	27.8%
Return on Total Assets	5.0%	3.7%	3.5%	7.0%	13.1%	13.8%	12.6%	14.1%	15.4%	14.0%	10.3%	9.3%	15.6%	11.9%	8.2%	8.5%	14.9%	11.8%	11.1%	11.2%
Return on Revenues	6.2%	4.2%	4.2%	6.6%	11.4%	11.3%	10.3%	11.1%	11.2%	10.4%	7.4%	7.0%	11.5%	8.1%	5.6%	7.3%	9.9%	8.1%	7.8%	7.3%
Average Collection Period (Days)	34	20	17	16	14	15	17	15	22	27	26	24	38	34	35	38	50	45	47	47
Profits on Rental Investment	9.3%	6.4%	6.6%	14.4%	25.2%	24.9%	24.2%	24.1%	30.6%	28.9%	20.2%	18.5%	30.6%	24.8%	17.6%	22.5%	36.0%	30.4%	32.1%	31.0%
Total Revenues to Rental Investments	1.5	1.5	1.6	2.2	2.2	2.2	2.3	2.2	2.7	2.8	2.7	2.7	2.7	3.1	3.2	3.1	3.6	3.8	4.1	4.3
Rental Revenues to Rental Investments	1.3	1.2	1.3	1.8	1.8	1.8	1.9	1.8	2.2	2.1	2.2	2.1	2.0	2.2	2.1	2.2	1.8	1.8	2.0	2.1
PERCENTS OF GROSS OPERATING PROFIT:																				
Salaries and Wages	25.8	27.0	32.9	33.3	29.7	30.4	30.7	32.1	32.9	33.4	35.0	34.8	32.9	33.0	36.7	37.6	31.3	32.7	33.3	34.7
Employee Benefits	2.4	2.3	2.1	2.1	3.2	3.3	3.0	2.7	3.7	3.6	3.7	3.4	4.1	4.0	4.8	4.0	4.7	4.2	3.7	3.6
Total	28.2	29.3	35.0	35.4	32.9	33.7	33.7	34.8	36.6	37.0	38.7	38.2	37.0	37.0	41.5	41.6	36.0	36.9	37.0	38.3
Depreciation (All)	16.3	15.4	14.9	16.6	12.6	14.5	15.0	14.3	13.0	13.0	13.8	16.4	13.2	13.9	12.8	14.8	13.8	13.0	14.7	15.7
Occupancy Cost	10.6	9.8	10.7	9.0	8.7	7.6	7.5	8.0	5.7	6.6	6.5	6.0	4.9	5.4	5.6	5.6	4.5	4.7	5.1	5.2
Equipment Maintenance and Repair	7.9	10.0	8.7	6.3	6.8	7.3	7.6	7.7	8.0	8.3	8.6	8.1	9.1	9.2	8.6	8.0	7.4	6.9	7.4	9.0
Interest	6.0	5.6	5.1	3.6	4.1	3.4	3.2	3.2	2.9	2.9	3.2	3.4	2.8	2.7	2.7	2.0	3.5	3.6	3.8	3.2
Advertising & Promotion	4.7	3.9	3.9	3.6	4.0	2.9	3.4	3.2	2.8	2.8	2.6	2.8	2.2	2.4	2.7	2.1	1.7	1.8	1.6	2.0
Insurance	4.2	4.9	3.7	3.5	4.1	4.1	4.0	3.2	4.3	3.8	3.8	3.3	4.0	3.8	3.4	2.8	3.5	3.4	2.3	1.9
Shop Supplies & Expense	2.5	2.7	2.9	2.8	2.9	2.8	2.9	2.4	2.8	2.8	2.9	2.4	3.2	3.0	2.8	2.1	3.0	3.2	2.5	2.5
OPERATING PROFIT	5.8	4.4	3.6	6.7	12.9	12.6	11.2	11.7	12.3	11.6	8.0	7.3	12.9	10.4	7.4	9.3	15.4	12.9	12.2	10.1
NUMBER OF RESPONDENTS	27	30	33	39	54	68	67	78	116	102	111	87	75	55	42	30	50	48	36	21

SECTION III. FINANCIAL DATA RELATED TO SOURCE OF REVENUES

As in prior reports, rental firms have been divided into two categories – those receiving 70 percent or more of their revenues from rentals and those that rely more heavily on sales of merchandise and equipment. Tables III-1 and III-2 contain income and expense and balance sheet data for rental firms in the two categories. Tables III-3 through III-6 present the same type of information by size of firm.

The table below summarizes key financial data for the two types of firms for 1975 through 1978:

	Over 70 Percent From Rentals				69 Percent Or Less Revenue From Rentals			
Financial Ratio	1978	1977	1976	1975	1978	1977	1976	1975
Current ratio	1.3	1.2	1.2	1.2	1.5	1.4	1.5	1.4
Acid test ratio	.95	.91	.91	.81	.76	.66	.68	.64
Return on investment	33.4%	28.3%	23.0%	23.1%	34.2%	26.1%	23.4%	23.7%
Return on total assets	16.9%	15.0%	11.9%	11.7%	12.4%	9.5%	8.5%	9.3%
Return on revenues	12.9%	11.3%	9.3%	9.0%	7.8%	6.3%	5.5%	5.9%
Average collection period (days)	31	31	32	28	51	44	44	45
Profits on rental investment	32.2%	28.8%	22.7%	22.0%	33.2%	26.9%	28.7%	28.2%
Total revenues to rental investment	2.5	2.5	2.4	2.5	4.2	4.3	5.3	4.8
Rental revenues to rental investment	2.1	2.2	2.1	2.1	1.6	1.5	1.9	1.9
PERCENTS OF GROSS OPERATING PROFIT:								
Salaries & Wages	31.2	31.8	33.3	34.5	33.2	34.0	35.6	35.8
Employee Benefits	3.9	3.7	3.7	3.4	4.8	4.2	4.1	3.7
Total	35.1	35.5	37.0	37.9	38.0	38.2	39.7	39.5
Depreciation (All)	13.6	13.6	14.6	15.4	13.1	12.9	13.3	16.0
Occupancy Cost	5.5	6.1	6.4	6.5	4.1	4.6	5.0	4.8
Equipment Maintenance and Repair	8.7	8.8	9.2	8.3	6.6	6.1	5.8	8.2
Interest	2.7	2.6	2.9	2.7	4.2	4.2	4.2	3.7
Advertising & Promotion	2.2	2.3	2.3	2.7	2.1	2.2	2.1	2.0
Insurance	4.2	4.2	3.5	3.1	3.1	2.8	2.5	1.9
Shop Supplies & Expense	3.3	3.1	2.8	2.4	2.5	2.9	2.7	2.4
OPERATING PROFIT	13.9	12.4	9.7	9.3	14.0	11.4	10.2	9.0
NUMBER OF RESPONDENTS	247	217	220	205	75	86	69	50

TABLE III–1. INCOME AND EXPENSE BY SOURCE OF REVENUE, 1978

	REVENUE FROM RENTALS			
	Over 70 Percent		69 Percent or Less	
	Dollars	Percents	Dollars	Percents
Rental Income	102,981,760	86.07	40,983,448	37.54
Merchandise & Equipment Sales	12,718,038	10.63	63,550,827	58.21
Other Operating Income	3,955,346	3.31	4,647,623	4.26
Total Operating Income	119,655,144	100.00	109,181,898	100.00
Less Cost of Sales	10,796,421	9.02	50,651,329	46.39
Gross Operating Profit	108,858,723	90.98	58,530,569	53.61
OPERATING EXPENSES:				
Salaries and Wages	33,992,013	28.41	19,445,000	17.81
Employee Benefits and Taxes	4,294,712	3.59	2,832,433	2.59
Equipment Maintenance and Repair	9,498,369	7.94	3,858,801	3.53
Shop Supplies and Expense	3,599,469	3.01	1,440,047	1.32
Occupancy Cost	6,040,912	5.05	2,403,966	2.20
Bad Debts Expense	1,003,843	0.84	972,756	0.89
Office Supplies and Expenses	1,476,576	1.23	752,958	0.69
Associations and Travel Expense	741,437	0.62	636,552	0.58
Legal and Accounting	1,030,347	0.86	527,967	0.48
Telephone and Other Communications	910,165	0.76	707,316	0.65
Automobile and Truck Expense	2,285,428	1.91	1,409,954	1.29
Insurance	4,638,087	3.88	1,818,755	1.67
Advertising and Promotion	2,407,716	2.01	1,219,908	1.12
Other Taxes	1,576,890	1.32	899,833	0.82
Interest	2,978,482	2.49	2,466,794	2.26
Franchise Fees	481,061	0.40	61,740	0.06
Depreciation, Non-Rental Equipment	1,711,898	[illegible]	900,619	0.82
Other Operating Expenses	1,949,857	1.63	1,202,704	1.10
TOTAL OPERATING EXPENSES	80,617,262	67.37	43,558,103	39.89
Operating Profit Before Rental Depr.	28,241,461	23.60	14,972,466	13.71
Depreciation on Rental Equipment	13,060,213	10.91	6,786,851	6.22
OPERATING PROFIT	15,181,248	12.69	8,185,615	7.50
Other Income and Expense (Net)	290,754	0.24	378,161	0.35
NET INCOME BEFORE INCOME TAXES	15,472,002	12.93	8,563,776	7.84
NUMBER OF RESPONDENTS	247		75	

TABLE III–2. BALANCE SHEETS BY SOURCE OF REVENUE, 1978

	REVENUE FROM RENTALS			
	Over 70 Percent		69 Percent or Less	
	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:				
Cash	7,345,820	8.01	2,014,352	2.90
Accounts Receivable (Net)	10,292,877	11.23	15,210,194	21.94
Merchandise Inventories	3,145,823	3.43	14,846,638	21.41
Marketable Securities	1,464,235	1.60	296,105	0.43
Prepaid Expenses	2,548,189	2.78	1,089,461	1.57
Supplies Inventory	337,962	0.37	425,170	0.61
Other Current Assets	966,173	1.05	332,986	0.48
Total Current Assets	26,101,129	28.47	34,214,906	49.34
Rental Equipment–Net Book Value	48,021,615	52.38	25,826,219	37.24
Other Fixed Assets–Net Book Value	13,707,703	14.96	7,589,765	10.95
Total Fixed Assets	61,729,318	67.33	33,415,984	48.19
Other Assets	3,851,396	4.20	1,710,901	2.47
TOTAL ASSETS	91,681,843	100.00	69,341,791	100.00
CURRENT LIABILITIES:				
Accounts Payable	4,132,854	4.51	6,593,373	9.51
Current Notes Payable	8,845,684	9.65	11,288,069	16.28
Contracts Payable	1,975,993	2.16	1,821,466	2.63
Customers' Rental Deposits	281,171	0.31	107,333	0.15
Accrued Expenses	2,369,492	2.58	1,826,553	2.63
Taxes Payable	2,054,962	2.24	789,057	1.14
Other Current Liabilities	455,790	0.50	493,935	0.71
Total Current Liabilities	20,115,946	21.94	22,919,786	33.05
Long-term Debt	22,460,492	24.50	20,378,282	29.39
Other Liabilities	2,800,221	3.05	989,193	1.43
Total Liabilities	45,376,659	49.49	44,287,261	63.87
Net Worth	46,305,184	50.51	25,054,530	36.13
TOTAL LIABILITIES AND NET WORTH	91,681,843	100.00	69,341,791	100.00
NUMBER OF RESPONDENTS	247		75	

TABLE III–3. INCOME AND EXPENSE FOR FIRMS DERIVING 70 PERCENT OR MORE OF REVENUES FROM RENTAL, 1978

	$000–100,000		$100,001–200,000		$200,001–500,000		$500,001–1 Million		Over–1 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
Rental Income	1,456,358	88.49	5,766,367	86.34	28,006,869	85.34	33,706,549	85.13	34,045,617	87.48
Merchandise & Equipment Sales	123,877	7.53	726,880	10.88	3,823,941	11.65	4,784,087	12.08	3,259,253	8.38
Other Operating Income	65,491	3.98	185,073	2.77	988,800	3.01	1,104,702	2.79	1,611,280	4.14
Total Operating Income	1,345,726	100.00	6,678,320	100.00	32,819,610	100.00	39,595,338	100.00	38,916,150	100.00
Less Cost of Sales	130,091	7.90	589,885	8.83	3,262,197	9.94	3,233,324	8.17	3,580,924	9.20
Gross Operating Profit	1,515,635	92.10	6,088,435	91.17	29,557,413	90.06	36,362,014	91.83	35,335,226	90.80
OPERATING EXPENSES:										
Salaries and Wages	374,208	22.74	1,759,392	26.34	9,733,670	29.66	11,620,200	29.35	10,504,543	26.99
Employee Benefits and Taxes	34,936	2.12	191,577	2.87	1,089,445	3.32	1,498,003	3.78	1,480,751	3.80
Equipment Maintenance and Repair	117,211	7.12	443,292	6.64	2,394,640	7.30	3,632,245	9.17	2,910,981	7.48
Shop Supplies and Expense	38,155	2.32	180,720	2.71	771,089	2.35	1,238,305	3.13	1,371,200	3.52
Occupancy Cost	162,431	9.87	520,557	7.79	1,679,259	5.12	1,707,228	4.31	1,971,437	5.07
Bad Debts Expense	9,365	0.57	30,909	0.46	237,380	0.72	327,446	0.83	398,743	1.02
Office Supplies and Expenses	25,935	1.58	68,085	1.02	366,590	1.12	452,832	1.14	563,134	1.45
Associations and Travel Expense	16,992	1.03	61,164	0.92	263,581	0.80	206,655	0.52	193,045	0.50
Legal and Accounting	19,602	1.19	53,122	0.80	320,118	0.98	350,311	0.88	287,194	0.74
Telephone and Other Communications	28,514	1.73	71,190	1.07	278,897	0.85	297,734	0.75	233,830	0.60
Automobile and Truck Expense	37,660	2.29	110,196	1.65	561,179	1.71	760,295	1.92	816,098	2.10
Insurance	64,349	3.91	258,889	3.88	1,287,632	3.92	1,523,233	3.85	1,503,984	3.86
Advertising and Promotion	72,706	4.42	232,698	3.48	834,722	2.54	723,049	1.83	544,541	1.40
Other Taxes	18,481	1.12	98,986	1.48	471,289	1.44	580,250	1.47	407,884	1.05
Interest	92,447	5.62	249,032	3.73	830,048	2.53	1,041,473	2.63	765,482	1.97
Franchise Fees	25,776	1.57	43,321	0.65	256,493	0.78	149,018	0.38	6,453	0.02
Depreciation, Non-Rental Equipment	20,086	1.22	111,855	1.67	449,519	1.37	660,716	1.67	469,722	1.21
Other Operating Expenses	28,828	1.75	112,399	1.68	643,536	1.96	551,501	1.39	613,593	1.58
TOTAL OPERATING EXPENSES	1,187,682	72.17	4,597,384	68.84	22,469,087	68.46	27,320,494	69.00	25,042,615	64.35
Operating Profit Before Rental Depr.	327,953	19.93	1,491,051	22.33	7,088,326	21.60	9,041,520	22.83	10,292,611	26.45
Depreciation on Rental Equipment	225,454	13.70	675,689	10.12	3,437,177	10.47	4,329,028	10.93	4,392,865	11.29
Operating Profit	102,499	6.23	815,362	12.21	3,651,149	11.12	4,712,492	11.90	5,899,746	15.16
Other Income and Expense (Net)	18,045	1.10	20,462	0.31	146,820	0.45	221,206	0.56	–115,779	–0.30
Net Income Before Income Taxes	120,544	7.32	835,824	12.52	3,797,969	11.57	4,933,698	12.46	5,783,967	14.86
NUMBER OF RESPONDENTS	24		45		103		55		20	

TABLE III–4. BALANCE SHEETS FOR FIRMS DERIVING 70 PERCENT OR MORE OF REVENUES FROM RENTALS, 1978

	$000–100,000		$100,001–200,000		$200,001–500,000		$500,001–1 Million		Over–1 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:										
Cash	285,625	13.59	383,181	6.57	2,200,906	9.21	2,121,296	6.75	2,354,812	8.28
Accounts Receivable (Net)	166,494	7.92	218,523	3.75	1,916,268	8.02	3,810,312	12.12	4,181,280	14.71
Merchandise Inventories	99,460	4.73	164,128	2.81	1,161,065	4.86	912,384	2.90	808,786	2.85
Marketable Securities	30,228	1.44	120,722	2.07	298,350	1.25	555,598	1.77	459,387	1.62
Prepaid Expenses	36,196	1.72	100,003	1.71	452,116	1.89	843,645	2.68	1,116,229	3.93
Supplies Inventory	7,167	0.34	11,768	0.20	111,574	0.47	195,343	0.62	12,110	0.04
Other Current Assets	10,364	0.49	102,591	1.76	208,875	0.87	434,354	1.38	209,989	0.74
Total Current Assets	635,534	30.24	1,100,916	18.87	6,349,154	26.58	8,872,932	28.23	9,142,593	32.16
Rental Equipment–Net Book Value	1,150,026	54.72	3,306,503	56.68	12,320,927	51.58	17,165,493	54.61	14,078,666	49.53
Other Fixed Assets–Net Book Value	304,059	14.47	1,120,194	19.20	3,914,918	16.39	4,251,602	13.52	4,116,930	14.48
Total Fixed Assets	1,454,085	69.19	4,426,697	75.88	16,235,845	67.97	21,417,095	68.13	18,195,596	64.01
Other Assets	12,102	0.58	306,217	5.25	1,301,685	5.45	1,145,162	3.64	1,086,230	3.82
TOTAL ASSETS	2,101,721	100.00	5,833,830	100.00	23,886,684	100.00	31,435,189	100.00	28,424,419	100.00
CURRENT LIABILITIES:										
Accounts Payable	94,428	4.49	136,805	2.35	991,190	4.15	1,405,175	4.47	1,505,256	5.30
Current Notes Payable	213,823	10.17	730,709	12.53	1,745,560	7.31	3,700,757	11.77	2,454,835	8.64
Contracts Payable	11,547	0.55	86,301	1.48	511,545	2.14	799,778	2.54	566,822	1.99
Customers' Rental Deposits	287	0.01	4,256	0.07	72,044	0.30	63,050	0.20	141,534	0.50
Accured Expenses	5,805	0.28	14,174	0.24	444,698	1.86	597,988	1.90	1,306,827	4.60
Taxes Payable	13,436	0.64	60,552	1.04	479,988	2.01	519,148	1.65	981,838	3.45
Other Current Liabilities	457	0.02	26,297	0.45	163,945	0.69	197,386	0.63	67,705	0.24
Total Current Liabilities	339,783	16.17	1,059,094	18.15	4,408,970	18.46	7,283,282	23.17	7,024,817	24.71
Long-term Debt	721,784	34.34	1,911,443	32.76	6,523,100	27.31	7,817,626	24.87	5,486,539	19.30
Other Liabilities	177,476	8.44	269,572	4.62	1,021,333	4.28	854,060	2.72	477,780	1.68
Total Liabilities	1,239,043	58.95	3,240,109	55.54	11,953,403	50.04	15,954,968	50.76	12,989,136	45.70
Net Worth	862,678	41.05	2,593,721	44.46	11,933,281	49.96	15,480,221	49.24	15,435,283	54.30
TOTAL LIABILITIES AND NET WORTH	2,101,721	100.00	5,833,830	100.00	23,886,684	100.00	31,435,189	100.00	28,424,419	100.00
NUMBER OF RESPONDENTS	24		45		103		55		20	

TABLE III–5. INCOME AND EXPENSE FOR FIRMS DERIVING 69 PERCENT OR LESS OF REVENUES FROM RENTAL, 1978

	$000–100,000		$100,001–200,000		$200,001–500,000		$500,001–1 Million		Over–1 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
Rental Income	96,648	46.13	775,639	49.74	2,337,373	51.19	7,208,984	52.17	30,564,804	34.33
Merchandise & Equipment Sales	80,996	38.66	665,083	42.65	2,098,870	45.96	5,929,975	42.91	54,775,903	61.53
Other Operating Income	31,846	15.20	118,737	7.61	130,192	2.85	680,354	4.92	3,686,494	4.14
Total Operating Income	209,490	100.00	1,559,459	100.00	4,566,435	100.00	13,819,313	100.00	89,027,201	100.00
Less Cost of Sales	77,831	37.15	530,132	33.99	1,431,630	31.35	5,488,298	39.71	43,123,438	48.44
Gross Operating Profit	131,659	62.85	1,029,327	66.01	3,134,805	68.65	8,331,015	60.29	45,903,763	51.56
OPERATING EXPENSES:										
Salaries and Wages	50,718	24.21	353,806	22.69	1,009,346	22.10	3,069,765	22.21	14,961,365	16.81
Employee Benefits and Taxes	5,231	2.50	34,782	2.23	127,384	2.79	337,181	2.44	2,327,855	2.61
Equipment Maintenance and Repair	12,529	5.98	42,893	2.75	217,242	4.76	446,094	3.23	3,140,043	3.53
Shop Supplies and Expense	3,833	1.83	25,352	1.63	151,493	3.32	171,952	1.24	1,087,417	1.22
Occupancy Cost	12,058	5.76	95,402	6.12	168,074	3.68	470,202	3.40	1,658,230	1.86
Bad Debts Expense	779	0.37	–732	–0.05	31,936	0.70	157,786	1.14	782,987	0.88
Office Supplies and Expenses	4,173	1.99	18,868	1.21	43,151	0.94	126,773	0.92	559,993	0.63
Associations and Travel Expense	125	0.06	12,257	0.79	36,874	0.81	76,665	0.55	510,531	0.57
Legal and Accounting	200	0.10	10,796	0.69	21,709	0.48	86,949	0.63	408,313	0.46
Telephone and Other Communications	2,433	1.16	15,594	1.00	42,355	0.93	84,214	0.61	562,720	0.63
Automobile and Truck Expense	1,876	0.90	21,978	1.41	72,428	1.59	233,636	1.69	1,080,136	1.21
Insurance	4,773	2.28	31,928	2.05	132,195	2.89	280,285	2.03	1,369,511	1.54
Advertising and Promotion	5,441	2.60	55,210	3.54	84,054	1.84	245,397	1.78	829,806	0.93
Other Taxes	1,802	0.36	28,752	1.84	51,273	1.12	137,178	0.99	680,828	0.76
Interest	6,243	2.98	41,352	2.65	125,974	2.76	217,051	1.57	2,076,174	2.33
Franchise Fees	0	0.00	0	0.00	11,292	0.25	6,770	0.05	43,678	0.05
Depreciation,Non-Rental Equipment	5,071	2.42	22,155	1.42	29,680	0.65	110,874	0.80	732,839	0.82
Other Operating Expenses	3,095	1.48	32,110	2.06	74,938	1.64	215,051	1.56	877,510	0.99
TOTAL OPERATING EXPENSES	120,380	57.46	842,503	54.03	2,431,398	53.24	6,473,823	46.85	33,689,999	37.84
Operating Profit Before Rental Depr.	11,279	5.38	186,824	11.98	703,407	15.40	1,857,192	13.44	12,213,764	13.72
Depreciation on Rental Equipment	17,444	8.33	86,169	5.53	320,275	7.01	785,285	5.68	5,577,678	6.27
OPERATING PROFIT	–6,165	–2.94	100,655	6.45	383,132	8.39	1,071,907	7.76	6,636,086	7.45
Other Income and Expense (Net)	0	0.00	3,922	0.25	6,935	0.15	139,062	1.01	228,242	0.26
NET INCOME BEFORE INCOME TAXES	–6,165	–2.94	104,577	6.71	390,067	8.54	1,210,969	8.76	6,864,328	7.71
NUMBER OF RESPONDENTS	3		9		13		20		30	

TABLE III–6. BALANCE SHEETS FOR FIRMS DERIVING 69 PERCENT OR LESS OF REVENUES FROM RENTAL, 1978

	$000–100,000		$100,001–200,000		$200,001–500,000		$500,001–1 Million		Over–1 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:										
Cash	7,764	4.40	21,480	1.61	160,993	4.91	727,275	9.27	1,096,840	1.93
Accounts Receivable (Net)	4,562	2.59	89,159	6.70	352,019	10.74	1,510,008	19.25	13,254,446	23.37
Merchandise Inventories	10,008	5.67	223,208	16.78	365,521	11.15	1,350,237	17.21	12,897,664	22.74
Marketable Securities	0	0.00	850	0.06	9,358	0.29	16,300	0.21	269,597	0.48
Prepaid Expenses	2,704	1.53	103,789	7.80	38,184	1.17	87,872	1.12	856,912	1.51
Supplies Inventory	560	0.32	2,128	0.16	2,000	0.06	47,007	0.60	373,475	0.66
Other Current Assets	440	0.25	7,196	0.54	31,642	0.97	99,671	1.27	194,037	0.34
Total Current Assets	26,038	14.76	447,810	33.66	959,717	29.28	3,838,370	48.93	28,942,971	51.03
Rental Equipment–Net Book Value	80,820	45.81	429,561	32.29	1,378,476	42.06	2,905,377	37.04	21,031,985	37.08
Other Fixed Assets–Net Book Value	69,571	39.43	342,876	25.77	780,918	23.83	945,770	12.06	5,450,630	9.61
Total Fixed Assets	150,391	85.24	772,437	58.07	2,159,394	65.89	3,851,147	49.09	26,482,615	46.70
Other Assets	0	0.00	110,043	8.27	158,275	4.83	155,032	1.98	1,287,551	2.27
TOTAL ASSETS	176,429	100.00	1,330,290	100.00	3,277,386	100.00	7,844,549	100.00	56,713,137	100.00
CURRENT LIABILITIES:										
Accounts Payable	6,640	3.76	54,045	4.06	161,348	4.92	760,062	9.69	5,611,278	9.89
Current Notes Payable	15,245	8.64	85,112	6.40	220,029	6.71	800,974	10.21	10,166,709	17.93
Contracts Payable	0	0.00	0	0.00	44,316	1.35	33,987	0.43	1,743,163	3.07
Customers' Rental Deposits	225	0.13	19,823	1.49	20,340	0.62	4,225	0.05	62,720	0.11
Accrued Expenses	0	0.00	2,302	0.17	31,986	0.98	147,373	1.88	1,644,892	2.90
Taxes Payable	1,634	0.93	16,094	1.21	29,951	0.91	204,677	2.61	536,701	0.95
Other Current Liabilities	0	0.00	3,028	0.23	23,789	0.73	38,203	0.49	428,915	0.76
Total Current Liabilities	23,744	13.46	180,404	13.56	531,759	16.23	1,989,501	25.36	20,194,378	35.61
Long-term Debt	86,687	49.13	572,919	43.07	1,107,736	33.80	1,753,463	22.35	16,857,477	29.72
Other Liabilities	27,581	15.63	32,055	2.41	168,591	5.14	117,256	1.49	643,710	1.14
Total Liabilities	138,012	78.23	785,378	59.04	1,808,086	55.17	3,860,220	49.21	37,695,565	66.47
Net Worth	38,417	21.77	544,912	40.96	1,469,300	44.83	3,984,329	50.79	19,017,572	33.53
TOTAL LIABILITIES AND NET WORTH	176,429	100.00	1,330,290	100.00	3,277,386	100.00	7,844,549	100.00	56,713,137	100.00
NUMBER OF RESPONDENTS	3		9		13		20		30	

SECTION IV. FINANCIAL DATA RELATED TO TYPE OF EQUIPMENT RENTED

Responding firms were placed into one of three major rental categories:

1. Construction and industrial – air compressors/air tools; asphalt/bituminous equipment; compaction, concrete equipment, conveyors; cranes; generators/alternators; engine/pumps/hoses; sand blasting; steams cleaners; scaffolding/shoring equipment; tractors/earth moving equipment; welders; barricades.

2. General rental – small hand/electric tools; gasoline powered tools; homeowner equipment; household equipment; small air compressors/air tools; utility trailers/hook-up equipment; baby equipment; rollaway beds; reducing equipment; camping equipment; audio-visual equipment; TV sets; local/one way system trucks; sports and recreational equipment; automotive; plumbing, painting, electrical tools; lawn/garden equipment; material handling equipment.

3. Medical-party, audio-visual, and others -- party equipment including tables, chairs, silver, glasses, linens; bars, rotisseries; disposables; medical equipment including wheelchairs, hospital beds, whirlpools, commodes, convalescent and sick room equipment; mobile equipment; and specialty equipment including furniture and office equipment, convention and exhibition equipment, audio-visual equipment, costume rentals, television sets, clothes washers/dryers, refrigerators, cameras.

Most firms fell into the first two categories – construction and industrial equipment (156) and general rental (138).

Tables IV-1 and IV-2 contain income and expense statements and balance sheets, for firms in the categories. Financial ratios for 1978 and the three previous years are shown on Table IV-3.

Construction and Industrial Equipment

Firms in this category reported substantially higher earnings in 1978. The average ROI was 33.5 percent vs. 27.6 percent in 1977. Return on total assets (14.6 percent), profits on rental equipment (33.3 percent) and return on revenues (10.3 percent) were all well above corresponding figures for 1977.

Average pre-tax earnings for firms in construction and industrial equipment were $110,700 in 1978. This is a substantial improvement over the $81,900 reported in 1977 and $60,800 in 1976.

The financial condition of firms in this group remained stable. The current ratio stayed constant at 1.4. Use of long-term debt financing increased slightly to 25.7 percent, compared with 24.6 percent in 1976 and 22.4 percent in 1977.

General Rental

Profitability of general rental firms was up substantially in 1978. Return on investment was 35.9 percent up from 27.4 percent in 1977. Return on revenues increased to 11.1 percent. The average general rental firm earned $42,000 in 1978 as compared with $32,000 in 1977.

In terms of financial position, general rental firms showed some improvement over the previous year. The average current ratio was 1.4, up substantially from the previous two years. Net worth dropped from an average of 50.4 percent in 1976 and 44.5 percent in 1977 to 44.1 percent in 1978.

Medical and Party Goods

The 28 responding firms in 1978 averaged $35,200 in earnings and a 27.2 percent ROI. This is up from earnings reported by the 18 respondents in 1977.

The financial condition of firms in medical and party goods indicates a high current ratio (1.76) and an average high ratio of net worth to total assets (56.0 percent). Firms in this category rely less on long-term debt financing than do rental firms in the other two categories.

TABLE IV–1. INCOME AND EXPENSE BY TYPE OF EQUIPMENT RENTED, 1978

	Construction & Industrial		General Rental		Medical Party Audio-Visual, Etc.		Insert Your Own
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Figures Here
Rental Income	95,711,675	57.05	41,226,757	78.81	7,026,776	80.34	_____
Merchandise & Equipment Sales	65,646,160	39.13	9,078,931	17.36	1,543,774	17.65	_____
Other Operating Income	6,421,823	3.83	2,005,378	3.83	175,768	2.01	_____
Total Operating Income	167,779,658	100.00	52,311,066	100.00	8,746,318	100.00	_____
Less Cost of Sales	53,262,988	31.75	7,040,083	13.46	1,144,679	13.09	_____
Gross Operating Profit	114,516,670	68.25	45,270,983	86.54	7,601,639	86.91	_____
OPERATING EXPENSES:							
Salaries and Wages	36,347,979	21.66	14,327,297	27.39	2,761,737	31.58	_____
Employee Benefits and Taxes	5,244,618	3.13	1,575,074	3.01	307,453	3.52	_____
Equipment Maintenance and Repair	8,878,445	5.29	4,017,284	7.68	461,441	5.28	_____
Shop Supplies and Expense	3,617,257	2.16	1,184,598	2.26	237,661	2.72	_____
Occupancy Cost	5,066,778	3.02	2,900,972	5.55	477,128	5.46	_____
Bad Debts Expense	1,532,470	0.91	397,433	0.76	46,696	0.53	_____
Office Supplies and Expenses	1,501,214	0.89	607,771	1.16	120,549	1.38	_____
Associations and Travel Expense	1,012,408	0.60	299,291	0.57	66,290	0.76	_____
Legal and Accounting	1,047,329	0.62	415,638	0.79	95,347	1.09	_____
Telephone and Other Communications	1,115,851	0.67	422,238	0.81	79,392	0.91	_____
Automobile and Truck Expense	2,593,676	1.55	909,377	1.74	192,329	2.20	_____
Insurance	4,205,908	2.51	1,882,050	3.60	368,884	4.22	_____
Advertising and Promotion	2,266,744	1.35	1,114,764	2.13	246,116	2.81	_____
Other Taxes	1,543,264	0.92	810,742	1.55	122,717	1.40	_____
Interest	3,749,052	2.23	1,472,775	2.82	223,449	2.55	_____
Franchise Fees	142,150	0.08	386,320	0.74	14,331	0.16	_____
Depreciation, Non-Rental Equipment	1,791,300	1.07	695,573	1.33	125,644	1.44	_____
Other Operating Expenses	2,086,686	1.24	950,296	1.82	115,577	1.32	_____
TOTAL OPERATING EXPENSES	83,743,131	49.91	34,369,493	65.70	6,062,741	69.32	_____
Operating Profit Before Rental Depr.	30,773,539	18.34	10,901,490	20.84	1,538,898	17.59	_____
Depreciation on Rental Equipment	13,779,052	8.21	5,355,654	10.24	712,358	8.14	_____
OPERATING PROFIT	16,994,487	10.13	5,545,836	10.60	826,540	9.45	_____
Other Income and Expense (Net)	276,415	0.16	232,728	0.44	159,772	1.83	_____
NET INCOME BEFORE INCOME TAXES	17,270,902	10.29	5,778,564	11.05	986,312	11.28	_____
NUMBER OF RESPONDENTS	156		138		28		

TABLE IV–2. BALANCE SHEETS BY TYPE OF EQUIPMENT RENTED, 1978

	Construction & Industrial		General Rental		Medical Party Audio-Visual, Etc.		Insert Your Own
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Figures Here
CURRENT ASSETS:							
Cash	6,372,934	5.40	2,371,602	6.49	615,636	9.52	_____
Accounts Receivable (Net)	21,657,224	18.35	3,295,692	9.02	550,155	8.51	_____
Merchandise Inventories	14,989,471	12.70	2,486,776	6.81	516,214	7.99	_____
Marketable Securities	1,067,482	0.90	656,765	1.80	36,143	0.56	_____
Prepaid Expenses	2,413,341	2.04	1,018,006	2.79	206,303	3.19	_____
Supplies Inventory	441,130	0.37	307,192	0.84	14,810	0.23	_____
Other Current Assets	781,192	0.66	416,629	1.14	101,338	1.57	_____
Total Current Assets	47,722,774	40.43	10,552,662	28.89	2,040,599	31.57	_____
Rental Equipment–Net Book Value	51,865,651	43.94	18,957,877	51.90	3,024,306	46.78	_____
Other Fixed Assets–Net Book Value	14,778,096	12.52	5,352,451	14.65	1,166,921	18.05	_____
Total Fixed Assets	66,643,747	56.46	24,310,328	66.55	4,191,227	64.84	_____
Other Assets	3,664,504	3.10	1,665,261	4.56	232,532	3.60	_____
TOTAL ASSETS	118,031,025	100.00	36,528,251	100.00	6,464,358	100.00	_____
CURRENT LIABILITIES:							
Accounts Payable	8,728,920	7.40	1,727,409	4.73	269,898	4.18	_____
Current Notes Payable	16,162,229	13.69	3,512,846	9.62	458,678	7.10	_____
Contracts Payable	3,043,962	2.58	565,532	1.55	187,965	2.91	_____
Customers' Rental Deposits	180,295	0.15	180,460	0.49	27,749	0.43	_____
Accrued Expenses	3,455,452	2.93	672,325	1.84	68,268	1.06	_____
Taxes Payable	2,097,685	1.78	635,423	1.74	110,911	1.72	_____
Other Current Liabilities	741,255	0.63	171,935	0.47	36,535	0.57	_____
Total Current Liabilities	34,409,798	29.15	7,465,930	20.44	1,160,004	17.94	_____
Long-term Debt	30,333,620	25.70	10,979,579	30.06	1,525,575	23.60	_____
Other Liabilities	1,656,650	1.40	1,976,571	5.41	156,193	2.42	_____
Total Liabilities	66,400,068	56.26	20,422,080	55.91	2,841,772	43.96	_____
Net Worth	51,630,957	43.74	16,106,171	44.09	3,622,586	56.04	_____
TOTAL LIABILITIES AND NET WORTH	118,031,025	100.00	36,528,251	100.00	6,464,358	100.00	_____
NUMBER OF RESPONDENTS	156		138		28		

TABLE IV–3. FINANCIAL RATIOS BY TYPE OF EQUIPMENT RENTED, 1975 – 1978

Financial Ratio	Construction & Industrial				General Rentals				Medical-Party Audio-Visual, Etc.			
	1978	1977	1976	1975	1978	1977	1976	1975	1978	1977	1976	1975
Current Ratio	1.39	1.39	1.47	1.34	1.41	1.14	1.16	1.17	1.76	1.76	1.32	1.32
Acid Test Ratio	.85	.79	.78	.72	.85	.65	.75	.70	1.04	.71	.96	.82
Return on Investment	33.5%	27.6%	22.4%	23.7%	35.9%	27.4%	24.1%	22.3%	27.2%	22.5%	29.8%	26.5%
Return on Total Assets	14.6%	12.4%	9.4%	10.1%	15.8%	12.2%	12.2%	11.6%	15.3%	8.3%	14.1%	12.7%
Return on Revenues	10.3%	8.8%	6.9%	7.1%	11.1%	8.6%	8.6%	8.2%	11.3%	5.1%	8.0%	9.5%
Average Collection Period (Days)	47	44	45	44	23	22	21	21	23	31	34	[illegible]
Profits on Rental Investment	33.3%	30.6%	24.9%	24.8%	31.1%	22.8%	23.4%	22.1%	32.6%	23.6%	36.6%	25.2%
Total Revenues to Rental Investment	3.2	3.5	3.6	3.5	2.8	2.7	2.7	2.7	2.9	4.6	4.6	2.6
Rental Revenues to Rental Investment	1.8	1.9	1.9	2.0	2.2	2.0	2.2	2.2	2.3	2.5	2.7	2.1
PERCENTS OF GROSS OPERATING PROFIT:												
Salaries & Wages	31.7	32.5	34.4	34.9	31.6	32.2	33.5	35.1	36.3	40.2	39.2	33.5
Employee Benefits	4.6	4.1	4.0	3.6	3.5	3.6	3.6	3.5	4.0	4.3	2.9	2.6
Total	36.3	36.6	38.4	38.5	35.1	35.8	37.1	38.6	40.3	44.5	42.1	36.1
Depreciation (All)	13.6	13.2	14.5	16.4	13.4	13.9	13.8	14.4	11.0	11.1	10.6	15.7
Occupancy Cost	4.4	4.8	5.2	5.2	6.4	7.0	7.0	7.0	6.3	7.3	5.4	6.5
Equipment Maintenance and Repair	7.8	7.7	7.6	8.7	8.9	8.3	9.1	8.0	6.1	3.8	3.8	6.2
Interest	3.3	3.3	3.8	3.2	3.3	3.2	2.8	2.6	2.9	2.2	2.5	3.7
Advertising & Promotion	2.0	2.1	1.9	2.1	2.5	2.6	2.7	2.9	3.2	3.5	4.4	3.1
Insurance	3.7	3.4	2.7	2.4	4.2	3.9	3.8	3.1	4.9	4.8	3.3	3.4
Shop Supplies & Expense	3.2	2.6	2.4	2.2	2.6	4.3	3.2	2.7	3.1	1.9	3.3	1.7
OPERATING PROFIT	14.8	12.9	10.1	9.5	12.3	10.6	9.5	8.7	10.9	6.3	10.5	9.4
NUMBER OF RESPONDENTS	156	150	117	93	138	135	159	134	28	18	13	28

SECTION V. FINANCIAL DATA RELATED TO REGION

FIGURE V–1. RETURN ON INVESTMENT
IN EACH A.R.A. REGION, 1978 & 1977

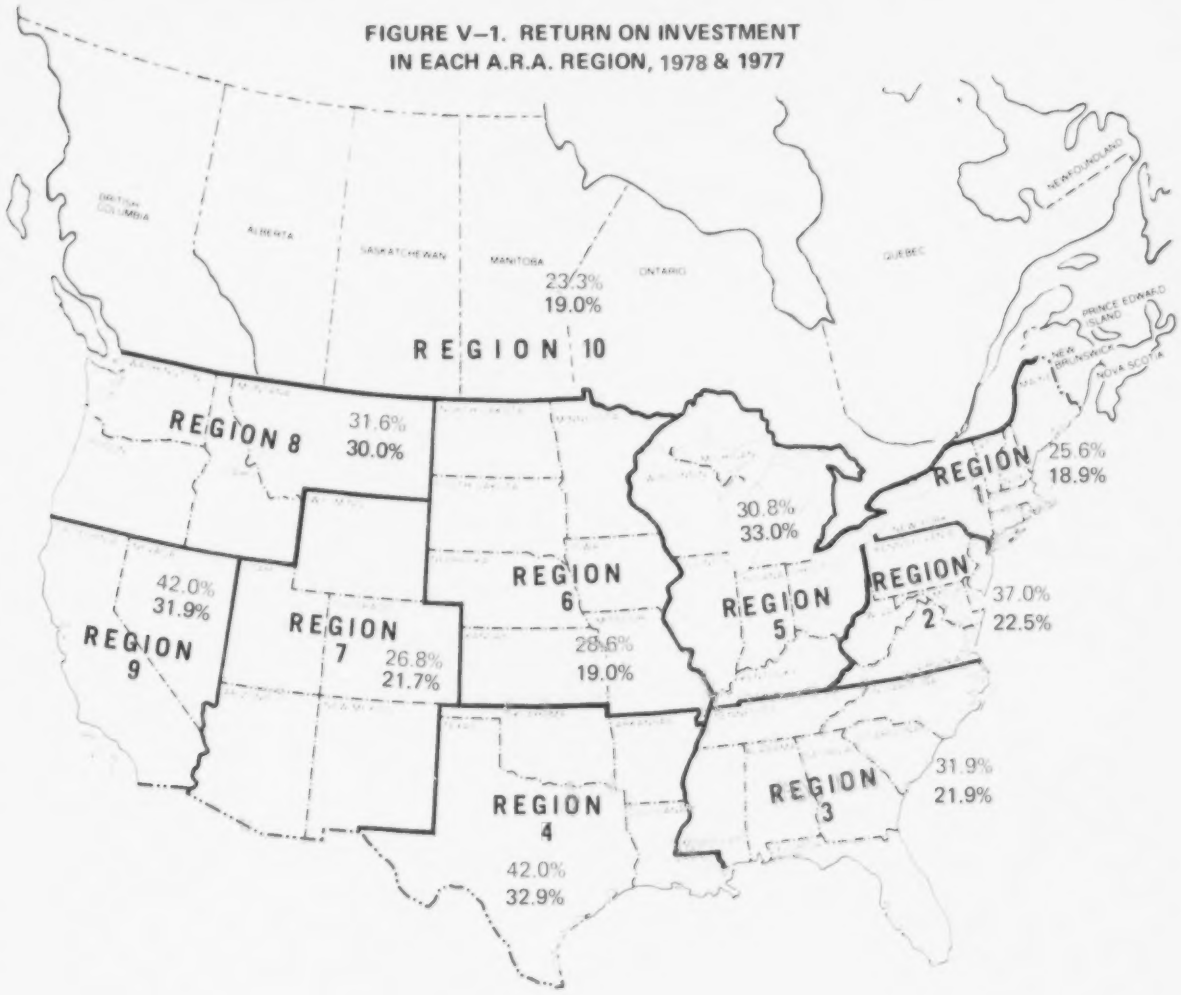


Figure V-1 shows ROI for rental firms in each ARA region for 1977 and 1978. Firms in Region 4 (Southwest) and 9 (Pacific) reported the highest earnings in 1978. Only one region, Region 5 (Great Lakes), showed a drop in ROI from the previous year.

Table V-1 contains income and expense data by region, and Table V-2 presents balance sheets for firms in each of the 10 regions.

TABLE V–1. INCOME AND EXPENSE BY REGION, 1978

	Northeast 1		Eastern 2		Southeast 3		Southwest 4		Great Lakes 5	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
Rental Income	5,378,238	55.35	14,051,023	58.14	14,148,541	69.88	21,446,422	72.25	17,589,244	50.87
Merchandise & Equipment Sales	3,941,326	40.56	9,270,296	38.36	5,362,868	26.49	7,565,467	25.49	15,571,942	45.04
Other Operating Income	397,678	4.09	846,473	3.50	734,393	3.63	670,452	2.26	1,414,768	4.09
Total Operating Income	9,717,242	100.00	24,167,792	100.00	20,245,802	100.00	29,682,341	100.00	34,575,954	100.00
Less Cost of Sales	2,893,886	29.78	7,461,699	30.87	4,205,977	20.77	5,703,552	19.22	11,227,210	32.47
Gross Operating Profit	6,823,356	70.22	16,706,093	69.13	16,039,825	79.23	23,978,789	80.78	23,348,744	67.53
OPERATING EXPENSES:										
Salaries and Wages	2,519,175	25.92	5,408,029	22.38	5,162,209	25.50	6,672,906	22.48	8,209,148	23.74
Employee Benefits and Taxes	383,426	3.95	615,405	2.55	569,707	2.81	974,279	3.28	1,247,718	3.61
Equipment Maintenance and Repair	324,098	3.34	1,005,233	4.16	1,327,572	6.56	2,106,048	7.10	1,390,511	4.02
Shop Supplies and Expense	203,849	2.10	595,757	2.47	443,167	2.19	1,212,761	4.09	469,774	1.36
Occupancy Cost	392,828	4.04	1,007,822	4.17	739,015	3.65	787,459	2.65	1,222,145	3.53
Bad Debts Expense	47,139	0.49	128,737	0.53	259,324	1.28	163,837	0.55	272,418	0.79
Office Supplies and Expenses	105,912	1.09	239,439	0.99	196,961	0.97	248,401	0.84	286,785	0.83
Associations and Travel Expense	43,192	0.44	175,711	0.73	138,505	0.68	140,744	0.47	236,861	0.69
Legal and Accounting	62,729	0.65	139,537	0.58	145,029	0.72	157,907	0.53	241,158	0.70
Telephone and Other Communications	78,799	0.81	186,127	0.77	174,382	0.86	202,447	0.68	252,187	0.73
Automobile and Truck Expense	153,868	1.58	489,842	2.03	362,504	1.79	596,454	2.01	473,633	1.37
Insurance	347,769	3.58	710,330	2.94	635,953	3.14	910,059	3.07	801,330	2.32
Advertising and Promotion	170,360	1.75	423,830	1.75	359,403	1.78	416,521	1.40	597,967	1.73
Other Taxes	84,155	0.87	359,403	1.49	320,750	1.58	210,308	0.71	336,212	0.97
Interest	180,478	1.86	554,396	2.29	433,721	2.14	478,507	1.61	892,497	2.58
Franchise Fees	33,353	0.34	48,800	0.20	77,165	0.38	40,479	0.14	36,983	0.11
Depreciation, Non-Rental Equipment	155,276	1.60	243,283	1.01	458,019	2.26	360,443	1.21	413,559	1.20
Other Operating Expenses	82,421	0.85	274,955	1.14	168,595	0.83	200,190	0.67	476,899	1.38
TOTAL OPERATING EXPENSES	5,368,827	55.25	12,606,636	52.16	11,971,981	59.13	15,879,750	53.50	17,857,785	51.65
Operating Profit Before Rental Depr.	1,454,529	14.97	4,099,457	16.96	4,067,844	20.09	8,099,039	27.29	5,490,959	15.88
Depreciation on Rental Equipment	678,752	6.99	2,124,206	8.79	1,921,835	9.49	3,270,169	11.02	2,600,861	7.52
OPERATING PROFIT	775,777	7.98	1,975,251	8.17	2,146,009	10.60	4,828,870	16.27	2,890,098	8.36
Other Income and Expense (Net)	27,054	0.28	199,818	0.83	127,604	0.63	279,209	0.94	66,559	0.19
NET INCOME BEFORE INCOME TAXES	802,831	8.26	2,175,069	9.00	2,273,613	11.23	5,108,079	17.21	2,956,657	8.55
NUMBER OF RESPONDENTS	18		33		40		36		50	

TABLE V–1. INCOME AND EXPENSE BY REGION, 1978 (Continued)

	Midwest 6		Rocky Mountain 7		Northwest 8		Pacific 9		Canada 10	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
Rental Income	9,963,804	74.99	13,265,806	82.06	9,244,061	42.96	24,732,209	70.47	14,145,860	58.02
Merchandise & Equipment Sales	2,955,448	22.24	2,179,637	13.48	11,758,977	54.65	8,527,453	24.30	9,13[illegible]451	37.47
Other Operating Income	367,408	2.77	720,903	4.46	515,397	2.40	1,837,188	5.23	1,098[illegible]09	4.51
Total Operating Income	13,286,660	100.00	16,166,346	100.00	21,518,435	100.00	35,096,850	100.00	24,379,620	100.00
Less Cost of Sales	2,501,509	18.83	1,737,374	10.75	10,759,353	50.00	7,014,829	19.99	7,942,361	32.58
Gross Operating Profit	10,785,151	81.17	14,428,972	89.25	10,759,082	50.00	28,082,021	80.01	16,437,259	67.42
OPERATING EXPENSES:										
Salaries and Wages	3,200,579	24.09	4,947,873	30.61	2,965,901	13.78	8,252,451	23.51	6,098,742	25.02
Employee Benefits and Taxes	364,480	2.74	707,556	4.38	564,736	2.62	1,250,367	3.56	449,471	1.84
Equipment Maintenance and Repair	1,222,355	9.20	1,469,714	9.09	735,989	3.42	2,689,721	7.66	1,085,929	4.45
Shop Supplies and Expense	140,511	1.06	358,976	2.22	400,928	1.86	863,574	2.46	350,219	1.44
Occupancy Cost	556,046	4.18	599,080	3.71	536,333	2.49	1,195,788	3.41	1,408,362	5.78
Bad Debts Expense	42,915	0.32	91,104	0.56	196,596	0.91	303,908	0.87	470,621	1.93
Office Supplies and Expenses	163,369	1.23	148,020	0.92	131,044	0.61	323,490	0.92	386,113	1.58
Associations and Travel Expense	44,983	0.34	84,283	0.52	130,226	0.61	184,836	0.53	198,648	0.81
Legal and Accounting	198,201	1.49	96,328	0.60	83,982	0.39	271,205	0.77	162,238	0.67
Telephone and Other Communications	113,487	0.85	92,214	0.57	120,639	0.56	173,381	0.49	223,818	0.92
Automobile and Truck Expense	183,266	1.38	143,883	0.89	215,979	1.00	555,451	1.58	520,502	2.13
Insurance	496,580	3.74	446,588	2.76	390,336	1.81	1,484,381	4.23	233,516	0.96
Advertising and Promotion	292,913	2.20	258,613	1.60	263,361	1.22	429,836	1.22	414,820	1.70
Other Taxes	126,098	0.95	273,562	1.69	204,845	0.95	451,479	1.29	109,911	0.45
Interest	349,610	2.63	494,630	3.06	535,174	2.49	655,602	1.87	870,661	3.57
Franchise Fees	140,409	1.06	48,685	0.30	17,951	0.08	98,976	0.28	0	0.00
Depreciation, Non-Rental Equipment	69,342	0.52	160,873	1.00	203,013	0.94	260,628	0.74	288,081	1.18
Other Operating Expenses	170,164	1.28	399,873	2.47	191,428	0.89	886,717	2.53	301,319	1.24
TOTAL OPERATING EXPENSES	7,875,308	59.27	10,821,855	66.94	7,888,461	36.66	20,331,791	57.93	13,572,971	55.67
Operating Profit Before Rental Depr.	2,909,843	21.90	3,607,117	22.31	2,870,621	13.34	7,750,230	22.08	2,864,288	11.75
Depreciation on Rental Equipment	1,393,893	10.49	1,566,197	9.69	1,651,409	7.67	3,106,097	8.85	1,533,645	6.29
OPERATING PROFIT	1,515,950	11.41	2,040,920	12.62	1,219,212	5.67	4,644,133	13.23	1,330,643	5.46
Other Income and Expense (Net)	–59,775	–0.45	137,622	0.85	114,702	0.53	–119,545	–0.34	–104,333	–0.43
NET INCOME BEFORE INCOME TAXES	1,456,175	10.96	2,178,542	13.48	1,333,914	6.20	4,524,588	12.89	1,226,310	5.03
NUMBER OF RESPONDENTS	33		29		25		31		27	

TABLE V–2. BALANCE SHEETS BY REGION, 1978

	Northeast 1		Eastern 2		Southeast 3		Southwest 4		Great Lakes 5	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:										
Cash	307,726	5.75	845,217	5.21	1,391,148	10.06	1,301,175	6.16	1,153,600	4.67
Accounts Receivable (Net)	952,477	17.80	2,565,316	15.81	1,844,044	13.34	2,821,511	13.35	4,913,963	19.87
Merchandise Inventories	616,390	11.52	2,249,909	13.86	1,347,622	9.75	1,132,896	5.36	4,841,335	19.58
Marketable Securities	68,255	1.28	418,995	2.58	57,097	0.41	354,609	1.68	98,863	0.40
Prepaid Expenses	180,594	3.37	579,473	3.57	205,828	1.49	683,010	3.23	544,036	2.20
Supplies Inventory	23,953	0.45	19,304	0.12	75,119	0.54	42,375	0.20	224,675	0.91
Other Current Assets	58,862	1.10	126,399	0.78	119,971	0.87	147,010	0.70	280,397	1.13
Total Current Assets	2,208,257	41.26	6,804,613	41.93	5,040,829	36.46	6,482,586	30.67	12,056,869	48.78
Rental Equipment–Net Book Value	2,276,733	42.54	7,793,557	48.02	6,188,044	44.75	10,960,134	51.86	9,541,720	38.59
Other Fixed Assets–Net Book Value	608,720	11.37	1,399,658	8.62	2,050,597	14.83	3,285,185	15.54	2,682,533	10.85
Total Fixed Assets	2,885,453	53.91	9,193,215	56.65	8,238,641	59.58	14,245,319	67.40	12,224,253	49.44
Other Assets	258,273	4.83	231,222	1.42	547,335	3.96	406,124	1.92	443,985	1.80
Total Assets	5,351,983	100.00	16,229,050	100.00	13,826,805	100.00	21,134,029	100.00	24,725,107	100.00
CURRENT LIABILITIES:										
Accounts Payable	273,143	5.10	1,244,811	7.67	631,909	4.57	612,311	2.90	2,315,597	9.37
Current Notes Payable	461,941	8.63	3,546,896	21.86	1,707,332	12.35	2,654,951	12.56	4,132,631	16.71
Contracts Payable	28,602	0.53	111,208	0.69	90,062	0.65	102,729	0.49	35,132	0.14
Customers' Rental Deposits	20,047	0.37	46,324	0.29	23,914	0.17	85,785	0.41	47,110	0.19
Accrued Expenses	72,341	1.35	355,974	2.19	417,189	3.02	410,084	1.94	900,218	3.64
Taxes Payable	89,401	1.67	221,509	1.36	198,017	1.43	260,409	1.23	270,341	1.09
Other Current Liabilities	39,833	0.74	266,644	1.64	28,025	0.20	12,726	0.06	170,594	0.69
Total Current Liabilities	985,308	18.41	5,793,366	35.70	3,096,448	22.39	4,138,995	19.58	7,871,623	31.84
Long-term Debt	1,037,111	19.38	4,274,397	26.34	3,153,937	22.81	4,695,472	22.22	6,920,612	27.99
Other Liabilities	196,991	3.68	289,736	1.79	449,170	3.25	136,263	0.64	325,854	1.32
Total Liabilities	2,219,410	41.47	10,357,499	63.82	6,699,555	48.45	8,970,730	42.45	15,118,089	61.14
Net Worth	3,132,573	58.53	5,871,551	36.18	7,127,250	51.55	12,163,299	57.55	9,607,018	38.86
TOTAL LIABILITIES AND NET WORTH	5,351,983	100.00	16,229,050	100.00	13,826,805	100.00	21,134,029	100.00	24,725,107	100.00
NUMBER OF RESPONDENTS	18		33		40		36		50	

TABLE V–2. BALANCE SHEETS BY REGION, 1978 (Continued)

	Midwest 6		Rocky Mountain 7		Northwest 8		Pacific 9		Canada 10	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:										
Cash	466,193	4.49	1,473,830	10.02	57,131	0.40	2,107,205	9.03	256,947	1.50
Accounts Receivable (Net)	844,781	8.14	1,527,483	10.39	2,814,714	19.76	3,256,162	13.95	3,962,620	23.20
Merchandise Inventories	789,425	7.61	521,783	3.55	2,015,429	14.15	1,613,886	6.91	2,863,787	16.76
Marketable Securities	26,670	0.26	209,832	1.43	98,153	0.69	293,285	1.26	134,631	0.79
Prepaid Expenses	56,457	0.54	217,411	1.48	158,653	1.11	830,118	3.56	182,070	1.07
Supplies Inventory	57,392	0.55	47,148	0.32	4,806	0.03	265,495	1.14	2,865	0.02
Other Current Assets	77,635	0.75	203,424	1.38	129,008	0.91	122,438	0.52	34,015	0.20
Total Current Assets	2,318,553	22.35	4,200,911	28.57	5,277,893	37.05	8,488,589	36.36	7,436,935	43.53
Rental Equipment–Net Book Value	6,157,914	59.36	7,051,765	47.95	7,288,813	51.16	12,026,106	51.51	4,563,048	26.71
Other Fixed Assets–Net Book Value	1,122,454	10.82	2,448,144	16.65	1,548,863	10.87	2,205,855	9.45	3,945,469	23.10
Total Fixed Assets	7,280,368	70.18	9,499,909	64.60	8,837,676	62.03	14,231,961	60.96	8,508,517	49.81
Other Assets	774,821	7.47	1,004,803	6.83	131,539	0.92	626,436	2.68	1,137,759	6.66
Total Assets	10,373,742	100.00	14,705,623	100.00	14,247,098	100.00	23,346,986	100.00	17,083,211	100.00
CURRENT LIABILITIES:										
Accounts Payable	340,755	3.28	492,365	3.35	869,597	6.10	1,257,037	5.38	2,688,702	15.74
Current Notes Payable	619,409	5.97	965,442	6.57	1,105,723	7.76	1,744,393	7.47	3,195,035	18.70
Contracts Payable	226,821	2.19	387,406	2.63	998,353	7.01	1,539,409	6.59	277,737	1.63
Customers' Rental Deposits	7,138	0.07	22,523	0.15	14,803	0.10	53,784	0.23	67,076	0.39
Accured Expenses	295,710	2.85	572,156	3.89	399,579	2.80	576,827	2.47	196,967	1.15
Taxes Payable	220,578	2.13	303,392	2.06	404,651	2.84	621,352	2.66	254,389	1.49
Other Current Liabilities	124,151	1.20	3,612	0.02	59,995	0.42	92,509	0.40	151,636	0.89
Total Current Liabilities	1,834,562	17.68	2,746,896	18.68	3,852,701	27.04	5,885,311	25.21	6,830,522	39.98
Long-term Debt	2,579,354	24.86	3,338,380	22.70	6,163,739	43.26	5,952,789	25.50	4,722,983	27.65
Other Liabilities	873,702	8.42	484,679	3.30	12,122	0.09	745,705	3.19	275,192	1.61
Total Liabilities	5,287,618	50.97	6,569,955	44.68	10,028,562	70.39	12,583,805	53.90	11,828,697	69.24
Net Worth	5,086,124	49.03	8,135,668	55.32	4,218,536	29.61	10,763,181	46.10	5,254,514	30.76
TOTAL LIABILITIES AND NET WORTH	10,373,742	100.00	14,705,623	100.00	14,247,098	100.00	23,346,986	100.00	17,083,211	100.00
NUMBER OF RESPONDENTS	33		29		25		31		27	

TABLE V–3. FINANCIAL RATIOS BY REGION, 1976 – 1978

	Northeast 1			Eastern 2			Southeast 3			Southwest 4			Great Lakes 5		
Financial Ratio	1978	1977	1976	1978	1977	1976	1978	1977	1976	1978	1977	1976	1978	1977	1976
Current Ratio	2.24	2.83	3.24	1.17	1.34	1.55	1.63	1.80	1.78	1.57	1.60	2.25	1.53	1.30	1.44
Acid Test Ratio	1.35	1.25	1.37	.66	.89	.98	1.06	.87	.80	1.08	1.10	1.65	.78	.60	.65
Return on Investment	25.6%	18.9%	17.8%	37.0%	22.5%	17.3%	31.9%	21.9%	16.0%	42.0%	32.9%	32.3%	30.8%	33.0%	26.2%
Return on Total Assets	15.0%	8.9%	10.7%	13.4%	8.8%	10.1%	16.4%	10.5%	7.8%	24.2%	20.9%	17.1%	12.0%	11.5%	10.8%
Return on Revenues	8.3%	5.0%	5.7%	9.0%	4.9%	6.0%	11.2%	8.0%	5.6%	17.2%	16.3%	15.1%	8.6%	7.2%	6.6%
Average Collection Period (Days)	36	29	15	39	31	29	33	37	40	35	38	32	52	43	42
Profits on Rental Investment	35.3%	40.0%	41.8%	27.9%	19.8%	19.7%	36.7%	25.8%	21.4%	46.6%	45.3%	39.1%	31.0%	30.0%	36.0%
Total Revenues to Rental Investment	4.3	8.0	7.3	3.1	4.1	3.3	3.3	3.2	3.8	2.7	2.8	2.6	3.6	4.2	5.5
Rental Revenues to Rental Investment	2.4	3.6	4.0	1.8	2.5	2.5	2.3	1.8	1.8	2.0	2.0	1.8	1.8	1.8	2.4
PERCENTS OF GROSS OPERATING PROFIT:															
Salaries and Wages	36.9	40.0	42.4	32.4	34.8	37.3	32.2	35.5	35.1	27.8	29.1	27.9	35.2	32.9	35.5
Employee Benefits	5.6	7.3	6.5	3.7	3.9	3.4	3.6	3.4	3.1	4.1	3.5	3.1	5.3	4.5	5.1
Total	42.5	47.3	48.9	36.1	38.7	40.7	35.8	38.9	38.2	31.9	32.6	31.0	40.5	37.4	40.6
Depreciation (All)	12.2	9.3	9.6	14.2	15.3	13.1	14.8	13.2	12.9	15.1	13.8	20.4	12.9	13.8	11.5
Occupancy Cost	5.8	11.3	9.1	6.0	6.4	7.9	4.6	5.5	5.9	3.3	3.3	3.5	5.2	6.0	6.7
Equipment Maintenance & Repair	4.7	4.1	4.8	6.0	6.5	7.4	8.3	6.0	5.8	8.8	9.2	8.2	6.0	6.4	5.6
Interest	2.6	2.3	2.1	3.3	2.9	2.1	2.7	2.1	2.7	2.0	2.4	2.9	3.8	4.6	3.4
Advertising & Promotion	2.5	2.1	2.0	2.5	3.1	4.0	2.2	2.1	2.1	1.7	1.8	1.3	2.6	2.6	2.7
Insurance	5.1	4.4	4.2	4.3	3.9	3.9	4.0	3.3	3.5	3.8	3.6	2.7	3.4	3.1	3.2
Shop Supplies & Expense	3.0	2.6	1.0	3.6	2.7	3.3	2.8	2.3	2.4	5.1	2.2	1.6	2.0	2.1	2.0
OPERATING PROFIT	11.4	7.0	7.5	11.8	6.2	6.8	13.4	12.6	10.2	20.1	20.4	17.9	12.4	12.2	11.0
NUMBER OF RESPONDENTS	18	14	14	33	28	23	40	40	37	36	26	25	50	54	44

TABLE V–3. (Continued)

	Midwest 6			Rocky Mountain 7			Northwest 8			Pacific 9			Canada 10		
Financial Ratio	1978	1977	1976	1978	1977	1976	1978	1977	1976	1978	1977	1976	1978	1977	1976
Current Ratio	1.26	.97	.65	1.53	1.85	1.50	1.37	.92	1.64	1.44	1.11	1.10	1.09	1.40	1.03
Acid Test Ratio	.73	.46	.34	1.17	1.36	1.08	.77	.56	.90	.96	.75	.72	.64	.71	.62
Return on Investment	28.6%	19.0%	19.3%	26.8%	21.7%	16.0%	31.6%	30.0%	30.7%	42.0%	31.9%	21.2%	23.3%	19.0%	25.3%
Return on Total Assets	14.0%	8.6%	10.6%	14.8%	13.4%	9.0%	9.4%	10.4%	12.3%	19.4%	14.9%	8.9%	7.2%	4.8%	7.5%
Return on Revenues	11.0%	6.8%	8.2%	13.5%	12.6%	7.8%	6.2%	8.1%	8.7%	12.9%	9.8%	5.7%	5.0%	3.6%	5.8%
Average Collection Period (Days)	23	23	17	34	37	34	48	39	32	34	34	28	59	54	61
Profits on Rental Investment	23.6%	13.9%	16.4%	30.9%	27.9%	20.0%	18.3%	19.1%	24.4%	37.6%	30.9%	17.3%	26.9%	20.6%	20.6%
Total Revenues to Rental Investment	2.2	2.0	2.0	2.3	2.2	2.6	3.0	2.4	2.8	2.9	3.2	3.0	5.3	5.7	3.5
Rental Revenues to Rental Investment	1.6	1.5	1.6	1.9	1.8	2.0	1.3	1.3	1.7	2.1	2.4	2.2	3.1	3.0	2.2
PERCENTS OF GROSS OPERATING PROFIT:															
Salaries & Wages	29.7	30.7	29.8	34.3	35.3	37.8	27.6	29.3	32.2	29.4	29.8	33.5	37.1	40.1	36.2
Employee Benefits	3.4	3.4	2.6	4.9	5.2	5.0	5.2	3.8	3.9	4.5	3.8	4.7	2.7	3.1	2.8
Total	33.1	34.1	32.4	39.2	40.5	42.8	32.8	33.1	36.1	33.9	33.6	38.2	39.8	43.2	39.0
Depreciation (All)	13.6	15.9	15.7	12.0	12.1	14.1	17.2	16.8	16.1	12.0	11.9	13.7	11.1	10.3	12.3
Occupancy Cost	5.2	6.2	5.3	4.2	5.0	4.7	5.0	5.6	5.7	4.3	5.0	5.8	8.6	6.2	6.5
Equipment Maintenance & Repair	11.3	11.5	11.1	10.2	9.5	8.4	6.8	7.0	6.9	9.6	8.6	10.3	6.6	6.9	9.2
Interest	3.2	3.1	3.0	3.4	2.5	3.3	5.0	4.2	2.9	2.3	2.7	3.2	5.3	5.7	5.4
Advertising & Promotion	2.7	3.0	2.8	1.8	1.8	2.0	2.4	2.2	2.5	1.5	2.0	2.1	2.5	2.2	2.2
Insurance	4.6	4.5	3.8	3.1	3.2	3.0	3.6	2.9	2.7	5.3	4.9	4.4	1.4	1.8	1.4
Shop Supplies & Expense	1.3	2.2	3.9	2.5	1.7	2.3	3.7	6.1	4.2	3.1	4.4	3.9	2.1	3.0	2.4
OPERATING PROFIT	14.1	8.9	9.5	14.1	14.0	8.5	11.3	11.9	12.0	16.5	11.2	5.8	8.1	5.8	7.7
NUMBER OF RESPONDENTS	33	32	25	29	22	27	25	32	27	31	33	34	27	22	33

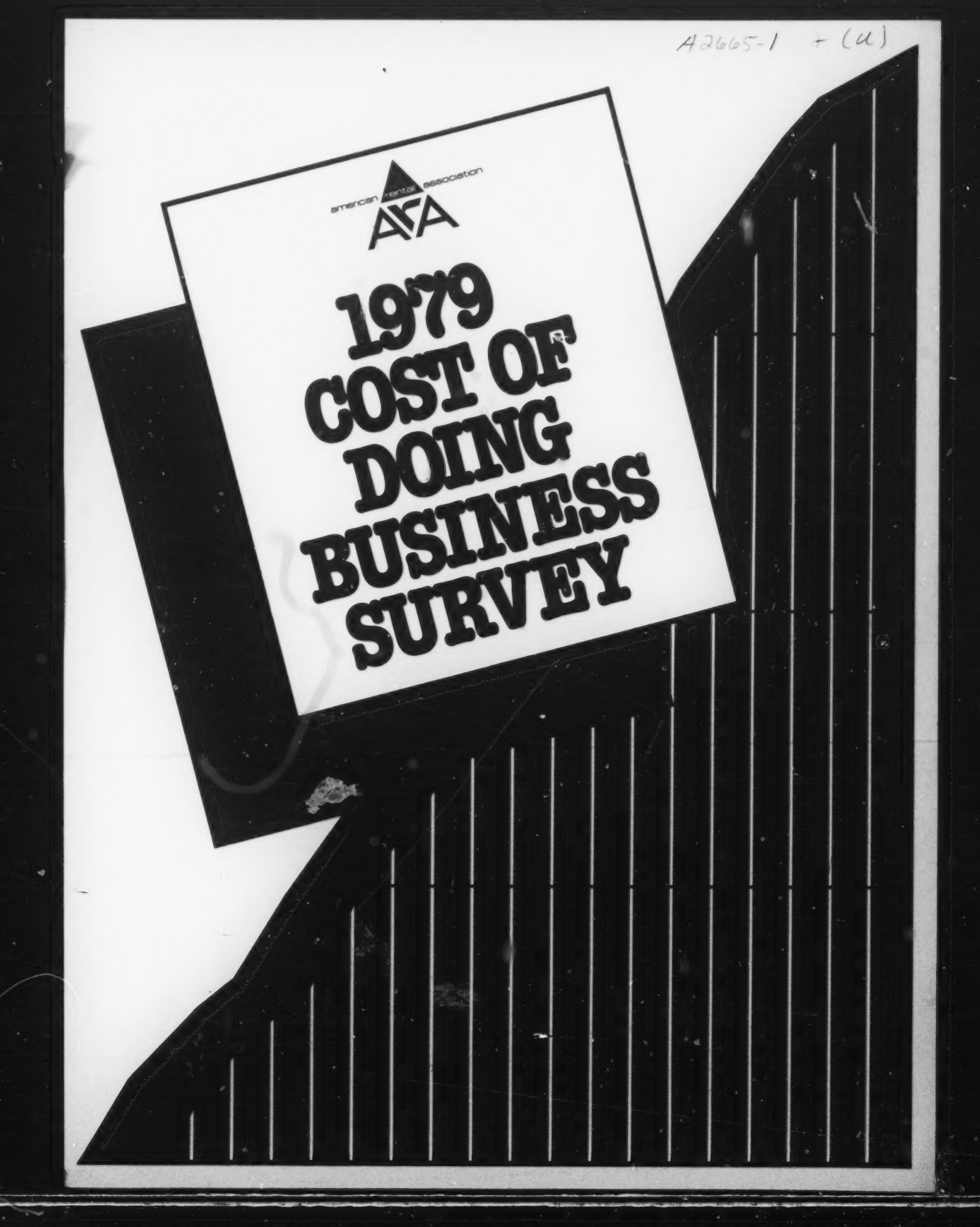
NOTE

This Microfiche meets the quality requirements of the American National Standard for Microfiche of Documents (ANSI PH5.9-1973). However because of imperfections in the document from which it was made, it contains images that are illegible or difficult to read. Although better copy could not be obtained prior to filming, the Microfiche will be replaced should better copy later become available.

Congressional Information Service, Inc.

CIS

A2665-1 + (a)


american rental association
ARA
1979
COST OF
DOING
BUSINESS
SURVEY

COST OF DOING BUSINESS SURVEY

Prepared for –
American Rental Association
1900 – 19th Street
Moline, Illinois 61265

Prepared by –
Eugene K. Ogier, Joyce McCorkle and
Dean C. Coddington
Browne, Bortz & Coddington
100 South Madison Street
Denver, Colorado 80209

September, 1980

TABLE OF CONTENTS

	A REVIEW OF 1979	1
	Profitability	
	Expenses	
	Financial Condition	
	Other Financial Indicators	
	Other Comments	
SECTION I.	**FINANCIAL DATA FOR ALL RESPONDENTS**	4
SECTION II.	**FINANCIAL DATA RELATED TO SIZE OF FIRM**	8
SECTION III.	**FINANCIAL DATA RELATED TO SOURCE OF REVENUES**	12
SECTION IV.	**FINANCIAL DATA RELATED TO TYPE OF EQUIPMENT RENTED**	19
	Construction and Industrial Equipment	
	General Rental	
	Medical and Party Goods	
SECTION V.	**FINANCIAL DATA RELATED TO REGIONS**	23

© 1980, American Rental Association

A REVIEW OF 1979

There were 359 respondents to the 1979 Cost-of-Doing-Business Survey, and they reported total revenues of $253.2 million. The distribution of respondents, by revenue group, was:

	Number of Respondents			
Revenue Group	1979	1978	1977	1976
0 to $100,000	26	27	30	33
$100,001 – $200,000	73	54	68	67
$200,001 – $500,000	131	116	102	111
$500,001 – $1.0 million	68	75	55	42
Over $1.0 million	61	50	48	36
Total Respondents	359	322	303	289
Total Revenues (millions)	$253.2	$228.8	$197.1	$154.1

Figures 1 and 2 show sources of revenues and expenses for all respondents. Figures 3 and 4 show the ratio of operating profit to gross operating profit for 1976-1979 by size, source of revenue and type of equipment rented.

Profitability

Profitability was down slightly in 1979 after the record year 1978. Return on investment averaged 32.8 percent in 1979 vs. 33.7 percent in 1978. Total reported profits were $26.2 million, or about $73,000 per responding firm.

Profitability related to size of firm. For the first time in five years, small firms performed well by most measures. Return on investment improved dramatically to 28.6 percent vs. 12.7 percent in 1978 and less in prior years. Return on revenues for small firms also increased substantially – 10.3 percent in 1979, compared with 6.2 percent in the previous year.

There was little change in all other size categories. Return on investment was down slightly in all four groups; return on revenues was up slightly to 10.3 percent for firms over $1 million in revenues, but down for the others.

Profitability related to source of revenue. A major change in 1979 vs. the prior year was that firms deriving over 70 percent of their revenues from rentals improved their return on investment while sales-oriented firms dropped fairly significantly to 28.7 percent (34.2 percent in 1978). In 1978, the two types of firms performed essentially the same in terms of most profitability measures.

As in prior years, rental-oriented firms achieved a much higher return on revenues (12.4 percent vs. 7.0 percent for the sales-oriented firms). Both groups were down in return on revenues over 1978.

Profitability related to type of equipment rented. Somewhat surprisingly, given the decline in construction activity in the last half of 1979, construction and industrial firms improved their return on investment to 34.9 percent (33.5 percent in 1978). Return on assets and return on revenues were also up in 1979.

Survey respondents in the general rental category were down substantially in all measures of profitability, and were the reason the industry was down slightly this past year. Return on investment dropped from 35.9 percent in 1978 to 27.3 percent in 1979.

Medical, party and audio-visual firms responding in 1979 were much more profitable than in previous years. Return on investment was a healthy 39.6 percent for the 18 responding firms.

Profitability related to region. Region 9 (California and Nevada) led in 1979 with firms reporting an average 40.7 percent return on investment. The Southwest Region (4) was down slightly from 1978, but firms in that area earned 38.2 percent ROI. Firms in Region 6 (Midwest) had the lowest return in investment. Biggest increases in return on investment were recorded by Region 1 (Northeast) of 25 percent and Region 10 (Canada) of 20 percent.

In terms of return on revenues, firms in the Southwest and Rocky Mountain Regions performed best – 15.3 and 13.8 percent respectively. Firms in the Northwest Region (8) recorded the biggest improvement going from 6.2 percent return on revenues in 1978 to 11.4 percent in 1979.

Expenses

Salaries and wages, benefits. Measured by percentage of gross operating profit, this item dropped in relative importance for the fifth straight year – quite a feat in an inflationary period. Furthermore, the drop was nearly one percent, a significant improvement.

Other expenses. Interest expense was up only slightly in 1979, 3.5 percent of gross perating profits vs. 3.3 percent in both 1977 and 1978.

Depreciation and equipment maintenance and repair were the major expense categories reflecting significant increases. Depreciation (non-cash expense item) was up one percent to 14.4 percent of gross operating profits. Maintenance and repair increased from 8.0 to 8.6 percent.

Most other expense categories remained stable in

1979 compared with 1978 and prior years.

Financial Condition

There was little change in rental firms' financial position in 1979 vs. previous years. The current ratio was down slightly to 1.3 percent; it had averaged 1.4 for the three prior years. Net worth stayed at 44 percent of total assets, virtually unchanged over the 1976-1978 period.

Current liabilities and long term debt were both 26-1/2 percent of total assets. The balance has shifted somewhat over the years; in 1977, for example, current debt was 29.4 percent and long term debt averaged 23.5 percent of total assets.

Accounts receivable were down in 1979 — 13.2 percent of assets compared with 15.8 percent in 1978 and 14.8 percent in 1977. The average collection period was also down (35 days in 1979 vs. 41 days in 1978). Firms deriving a large portion of their revenues from sales reported a healthy drop from 51 days in 1978 to 42 days in 1979.

Although the small firms responding in 1979 were more profitable than in prior years, their financial condition was less secure. The small firms (under $100,000 in revenues) had a current ratio of only .65.

Other Financial Indicators

Proprietors' salaries and drawings for those firms reporting averaged $35,700 in 1979; the average in 1978 was $33,200.

Yellow page advertising for those firms reporting averaged $5,100 per firm vs. $5,400 in 1978.

Other Comments

More detailed tabulations for firms in each major rental category will be available through the respective councils.

BBC thanks the 359 firms participating in the 1979 survey. This was the highest response rate since the annual cost-of-doing-business surveys were initiated in 1971.

FIGURE 1. SOURCES OF REVENUE, 359 RESPONDENTS, 1979

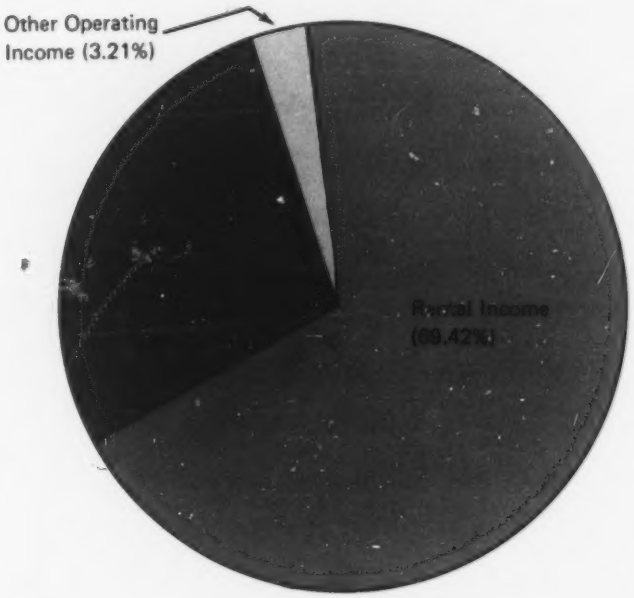


FIGURE 2. MAJOR EXPENSE CATEGORIES, 359 RESPONDENTS, 1979

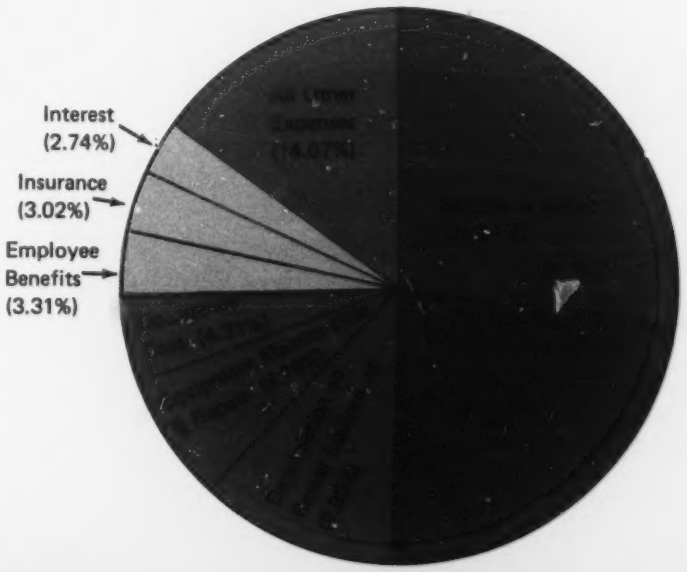


FIGURE 3. RATIO OF OPERATING PROFIT TO GROSS OPERATING PROFIT BY REVENUE CATEGORY, 1976 – 1979.

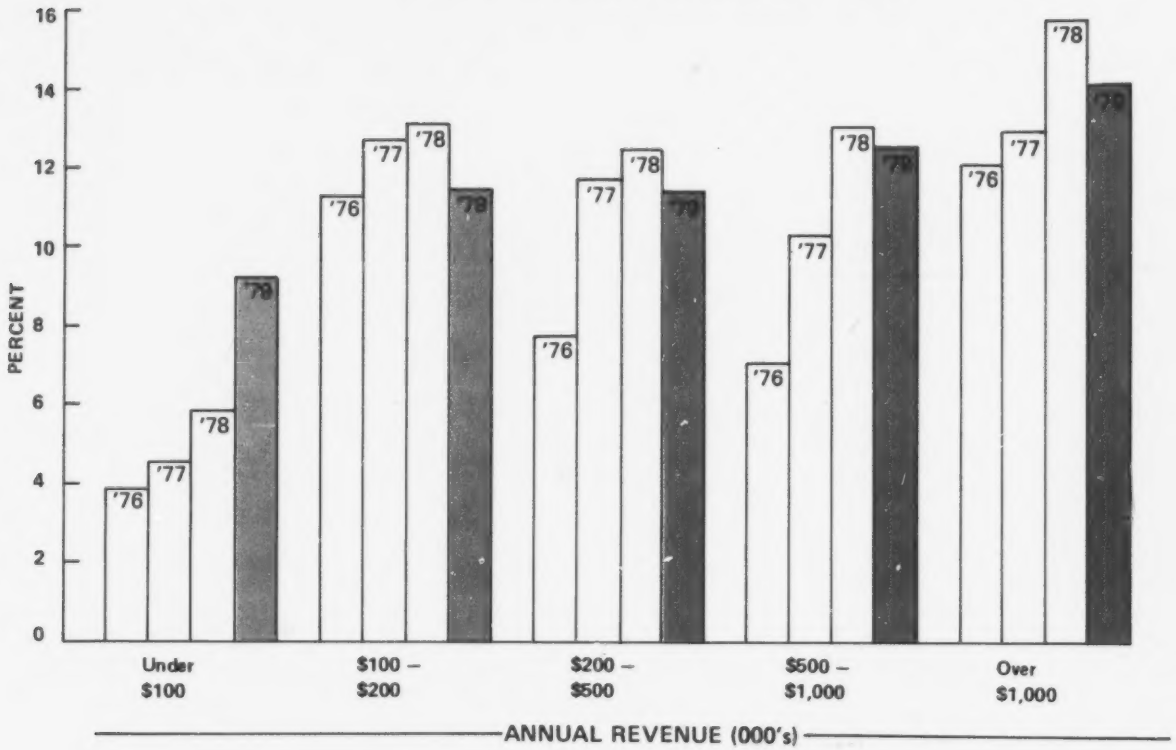
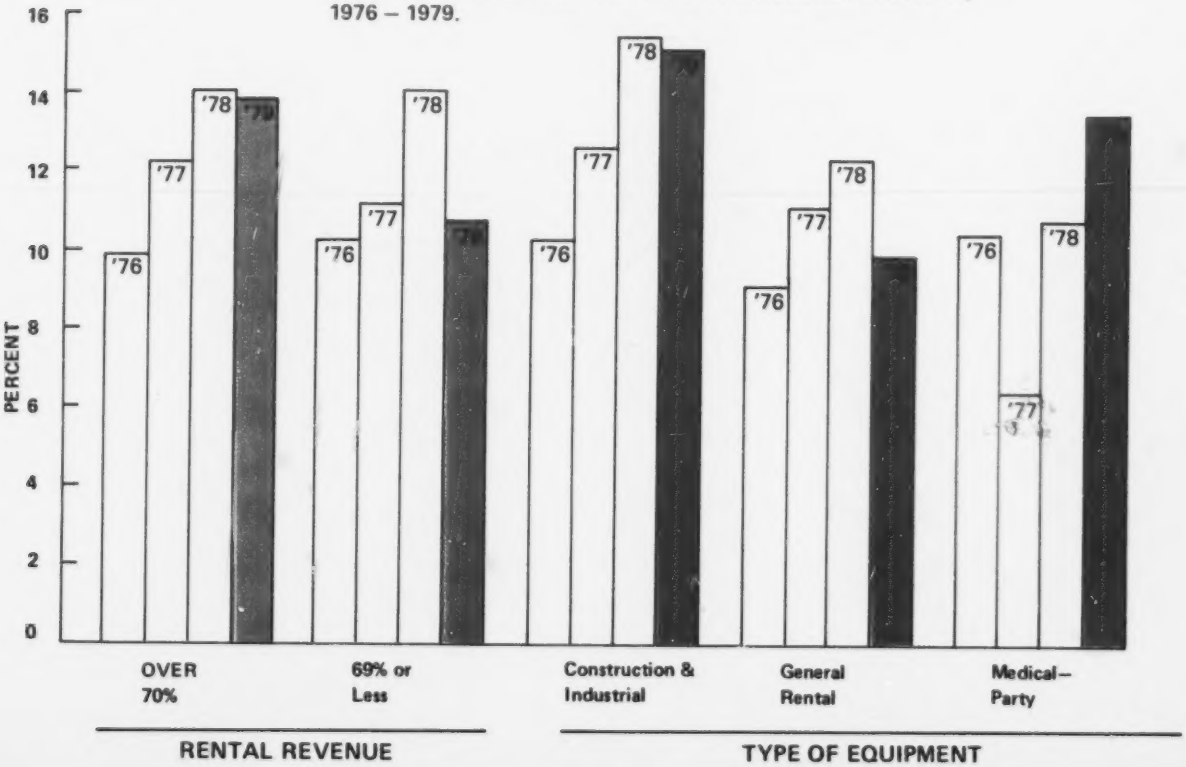


FIGURE 4. RATIO OF OPERATING PROFIT TO GROSS OPERATING PROFIT BY SOURCE OF REVENUES AND TYPE OF EQUIPMENT RENTED, 1976 – 1979.



SECTION 1. FINANCIAL DATA FOR ALL RESPONDENTS

The 359 responding firms had revenues of $253.2 million, up 10.7 percent from the $228.8 million reported in 1978.

Key financial ratios for 1979 and three prior years are shown below:

FINANCIAL RATIOS	1979	1978	1977	1976
CURRENT RATIO (current assets ÷ current liabilities)	1.3	1.4	1.4	1.4
ACID TEST RATIO (cash, marketable securities and accounts receivable ÷ current liabilities)	.80	.85	.77	.78
RETURN ON INVESTMENT (net income before taxes ÷ net worth)	32.8%	33.7%	27.4%	23.2%
RETURN ON TOTAL ASSETS (net income before taxes ÷ total assets)	14.4%	14.9%	12.2%	10.4%
RETURN ON REVENUES (net income before taxes ÷ revenues)	10.4%	10.5%	8.6%	7.4%
AVERAGE COLLECTION PERIOD (accounts receivable ÷ average daily revenues)	36 days	41 days	38 days	38 days
PROFITS ON RENTAL INVESTMENT (net income before taxes ÷ net rental equipment)	39.13%	32.5%	28.0%	24.6%
TOTAL REVENUES TO RENTAL INVESTMENT (total revenues ÷ net rental equipment)	2.81 times	3.1 times	3.3 times	3.3 times
RENTAL REVENUES TO RENTAL INVESTMENT (rental income ÷ net rental equipment	2.0 times	1.9 times	1.9 times	2.0 times

Shown below is a table containing the ratio of major expenses and net operating profit to gross operating profit for all respondents:

PERCENTS OF GROSS OPERATING PROFIT:				
Salaries & Wages	31.1%	31.9%	32.7%	34.2%
Employee Benefits	4.2	4.3	3.9	3.8
TOTAL	35.3	36.2	36.6	38.0
Depreciation (All)	14.4	13.4	13.3	14.1
Occupancy Cost	5.4	5.1	5.5	5.9
Equipment Maintenance & Repair	8.6	8.0	7.7	8.0
Interest	3.6	3.3	3.3	3.4
Advertising & Promotion	2.2	2.2	2.3	2.3
Insurance	3.3	3.9	3.6	3.1
Shop Supplies & Expense	3.2	3.0	3.0	2.7
OPERATING PROFIT	12.9	14.0	12.0	9.9

Table I-1 reports income and expense on an aggregated basis for all firms responding in 1976 through 1979. Table I-2 contains more detail on expenses, and Table I-3 presents balance sheets for the four years.

TABLE I–1. SUMMARY OF INCOME AND EXPENSE, ALL RESPONDENTS

Income and Expense Categories	1979 Dollars	1979 Percent of Total Income	1978 Dollars	1978 Percent of Total Income	1977 Dollars	1977 Percent of Total Income	1976 Dollars	1976 Percent of Total Income	Insert Your Own Figures Here
Rental Income			143,965,208	62.91	116,695,518	59.21	93,947,482	60.97	
Merchandise & Equipment Sales			76,268,865	33.33	73,160,942	37.12	53,664,026	34.82	
Other Operating Income			8,602,969	3.76	7,224,154	3.67	6,487,149	4.21	
Total Operating Income			228,837,042	100.00	197,080,614	100.00	154,098,657	100.00	
Less Cost of Sales			61,447,750	26.85	56,543,458	28.69	41,911,609	27.20	
Gross Operating Profit			167,389,292	73.15	140,537,156	71.31	112,187,048	72.80	
OPERATING EXPENSES:									
Salaries & Wages			53,437,013	23.35	45,914,405	23.30	38,353,101	24.89	
Employee Benefits & Taxes			7,127,145	3.11	5,542,023	2.81	4,309,246	2.80	
Equipment Maintenance & Repair			13,357,170	5.84	10,852,399	5.51	8,947,216	5.81	
Shop Supplies & Expense			5,039,516	2.20	4,273,806	2.17	3,057,252	1.98	
Occupancy Cost			8,444,878	3.69	7,753,154	3.93	6,565,950	4.26	
Bad Debts Expense			1,976,599	0.86	1,361,248	0.69	1,281,711	0.83	
Office Supplies & Expenses			2,229,534	0.97	1,734,000	0.88	1,480,786	0.96	
Associations & Travel Expense			1,377,989	0.60	1,330,326	0.68	1,282,011	0.83	
Legal & Accounting			1,558,314	0.68	1,491,521	0.76	1,097,535	0.71	
Telephone & Other Communications			1,617,481	0.71	1,672,041	0.85	1,383,755	0.90	
Automobile & Truck Expense			3,695,382	1.61	3,290,769	1.67	2,551,084	1.66	
Insurance			6,456,842	2.82	5,096,577	2.59	3,458,896	2.24	
Advertising & Promotion			3,627,624	1.59	3,173,416	1.61	2,517,842	1.63	
Other Taxes			2,476,723	1.08	2,154,004	1.09	1,884,858	1.22	
Interest			5,445,276	2.38	4,588,317	2.33	3,805,042	2.47	
Franchise Fees			542,801	0.24	199,450	0.10	179,886	0.12	
Depreciation, Non-Rental Equipment			2,612,517	1.14	2,048,338	1.04	1,545,721	1.00	
Other Operating Expenses			3,152,561	1.38	4,538,387	2.30	3,088,394	2.00	
TOTAL OPERATING EXPENSES			124,175,365	54.26	107,014,181	54.30	86,790,286	56.32	
Operating Profit Before Rental Depr.			43,213,927	18.88	33,522,975	17.01	25,396,762	16.48	
Depreciation on Rental Equipment			19,847,064	8.67	16,690,170	8.47	14,285,807	9.27	
OPERATING PROFIT			23,366,863	10.21	16,832,805	8.54	11,110,955	7.21	
Other Income and Expense (Net)			668,915	0.29	137,716	0.07	334,123	0.22	
NET INCOME BEFORE INCOME TAXES			24,035,778	10.50	16,970,521	8.61	11,445,078	7.43	
NUMBER OF RESPONDENTS			322		303		289		

Special Notes for 1979

Proprietors' salary and drawings (average for firms reporting)	$35,672
Percent of total income (65 firms)	5.8%
Yellow Pages advertising (average for firms reporting)	$5,115
Percent of total advertising (188 firms)	39.2%

Note: Due to rounding, percentages may not add to the one-hundredth of a percent.

TABLE I–2. EXPENSES AS A PERCENT OF GROSS OPERATING PROFIT

EXPENSE CATEGORIES	1979	1978	1977	1976
GROSS OPERATING PROFITS	100.00	100.00	100.00	100.00
EXPENSES:				
Salaries & Wages	31.14	31.92	32.67	34.19
Employee Benefits & Taxes	4.20	4.26	3.94	3.86
Equipment Maintenance & Repair	8.60	7.98	7.72	7.98
Shop Supplies & Expense	3.19	3.01	3.04	2.73
Occupancy Cost	5.35	5.05	5.52	5.85
Bad Debt Expense	1.30	1.18	.97	1.14
Office Supplies & Expense	1.15	1.33	1.23	1.32
Association & Travel Expense	.84	.82	.95	1.14
Legal & Accounting	.90	.93	1.06	.98
Telephone & Other Communications	.91	.97	1.19	1.23
Auto & Truck Expense	2.05	2.21	2.34	2.28
Insurance	3.84	3.86	3.63	3.08
Advertising & Promotion	2.15	2.17	2.26	2.25
Other Taxes	1.35	1.48	1.53	1.68
Interest	3.48	3.25	3.26	3.39
Franchise Fees	.35	.32	.14	.16
Depreciation–Non-Rental Equipment	1.81	1.56	1.46	1.38
Other Operating Expenses	2.13	1.88	3.23	2.75
Depreciation–Rental Equipment	12.56	11.86	11.88	12.73
OPERATING PROFIT	12.55	13.96	11.98	9.90

TABLE I–3. SUMMARY OF BALANCE SHEETS, ALL RESPONDENTS

	1979		1978		1977		1976		Insert Your Own Figures Here
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	
CURRENT ASSETS:									
Cash	[illegible]	[illegible]	9,360,172	5.81	8,960,731	6.45	7,231,680	6.54	_____
Accounts Receivable (Net)	[illegible]	[illegible]	25,503,071	15.84	20,492,375	14.75	15,932,935	14.42	_____
Merchandise Inventories	[illegible]	[illegible]	17,992,461	11.17	19,072,314	13.73	15,941,695	14.42	_____
Marketable Securities	[illegible]	[illegible]	1,760,390	1.09	1,529,494	1.10	1,183,568	1.07	_____
Prepaid Expenses	[illegible]	[illegible]	3,637,650	2.26	2,741,441	1.97	1,770,041	1.60	_____
Supplies Inventory	[illegible]	[illegible]	763,132	0.47	671,681	0.48	251,012	0.23	_____
Other Current Assets	[illegible]	[illegible]	1,299,159	0.81	1,715,552	1.24	1,096,210	0.99	_____
Total Current Assets	[illegible]	[illegible]	60,316,035	37.46	55,183,588	39.73	43,407,141	39.28	_____
Rental Equipment–Net Book Value	[illegible]	[illegible]	73,847,834	45.86	60,594,413	43.63	46,447,452	42.03	_____
Other Fixed Assets–Net Book Value	[illegible]	[illegible]	21,297,468	13.23	16,408,565	11.81	14,319,231	12.96	_____
Total Fixed Assets	[illegible]	[illegible]	95,145,302	59.09	77,002,978	55.44	60,766,683	54.98	_____
Other Assets	[illegible]	[illegible]	5,562,297	3.45	6,711,177	4.83	6,342,007	5.74	_____
TOTAL ASSETS	[illegible]	[illegible]	161,023,634	100.00	138,897,743	100.00	110,515,831	100.00	_____
CURRENT LIABILITIES:									
Accounts Payable	[illegible]	[illegible]	10,726,227	6.66	9,858,189	7.10	8,776,467	7.94	_____
Current Notes Payable	[illegible]	[illegible]	20,133,753	12.50	16,717,683	12.04	12,691,286	11.48	_____
Contracts Payable	[illegible]	[illegible]	3,797,459	2.36	6,465,274	4.65	4,129,105	3.74	_____
Customers' Rental Deposits	[illegible]	[illegible]	388,504	0.24	269,330	0.19	389,342	0.35	_____
Accrued Expenses	[illegible]	[illegible]	4,196,045	2.61	3,554,539	2.56	2,161,520	1.96	_____
Taxes Payable	[illegible]	[illegible]	2,844,019	1.77	2,811,738	2.02	2,025,794	1.83	_____
Other Current Liabilities	[illegible]	[illegible]	949,725	0.59	1,199,566	0.86	1,039,680	0.94	_____
Total Current Liabilities	[illegible]	[illegible]	43,035,732	26.73	40,876,319	29.43	31,213,194	28.24	_____
Long-term Debt	[illegible]	[illegible]	42,838,774	26.60	32,565,983	23.45	27,201,654	24.61	_____
Other Liabilities	[illegible]	[illegible]	3,789,414	2.35	3,521,166	2.54	2,708,345	2.45	_____
Total Liabilities	[illegible]	[illegible]	89,663,920	55.68	76,963,468	55.41	61,123,193	55.31	_____
Net Worth	[illegible]	[illegible]	71,359,714	44.32	61,934,275	44.59	49,392,638	44.69	_____
TOTAL LIABILITIES AND NET WORTH	[illegible]	[illegible]	161,023,634	100.00	138,897,743	100.00	110,515,831	100.00	_____
NUMBER OF RESPONDENTS			322		303		289		

Note: Due to rounding, percentages in this and other tables may not add to the one-hundredth of a percent.

SECTION II. FINANCIAL DATA RELATED TO SIZE OF FIRM

Tables II-1 through II-3 present income and expense, balance sheet, and financial ratios for rental firms in five size categories for 1976-1979. Figure II-1 below contains return on investment for firms in each size category for 1976 through 1979.

FIGURE II–1. RETURN ON INVESTMENT BY SIZE OF FIRM, 1976 – 1979

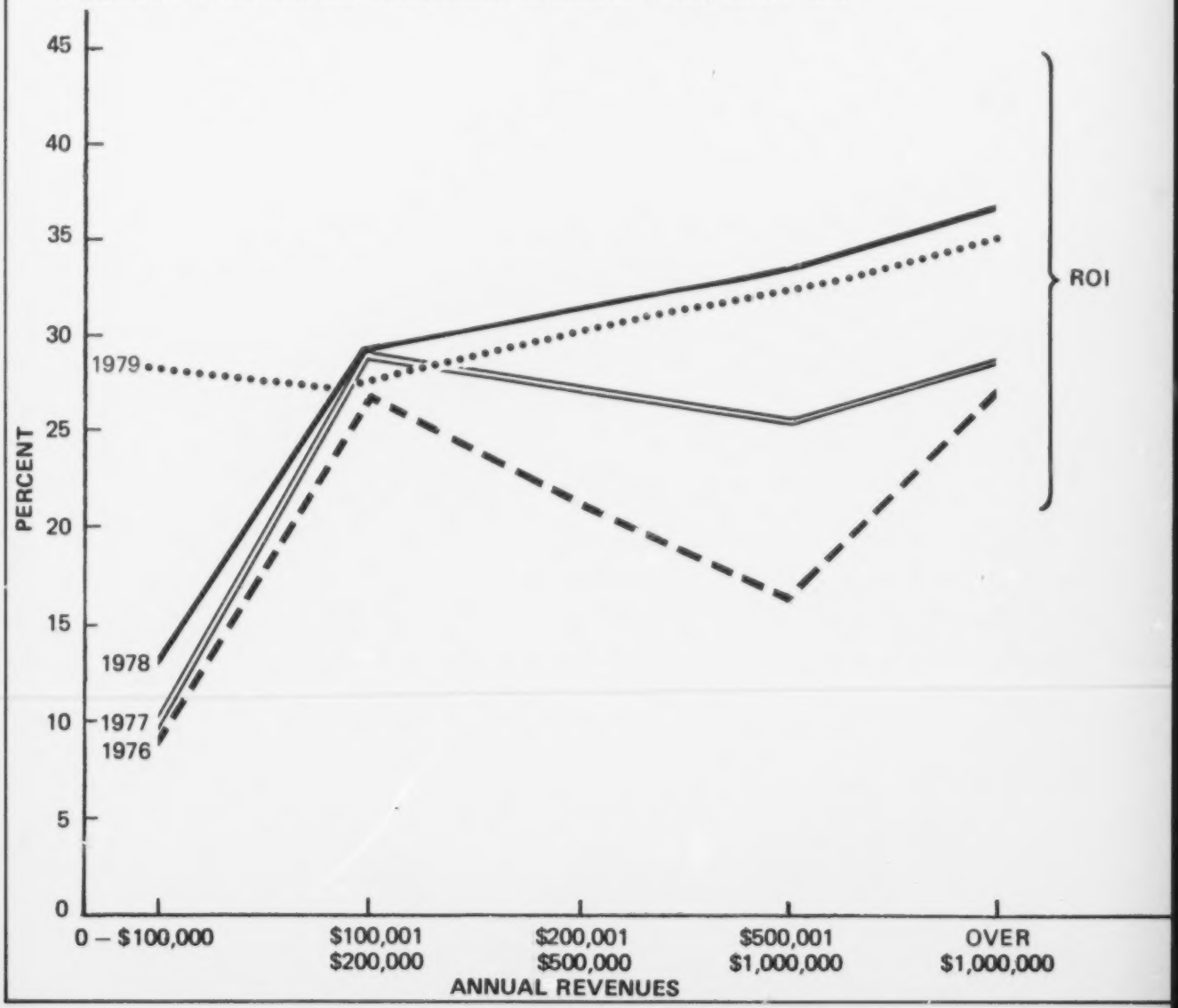


TABLE II–1. INCOME AND EXPENSE BY ANNUAL REVENUE, 1979

	$100,001–200,000		$500,001–1 Million	
	Dollars	Percents	Dollars	Percents
Rental Income	8,965,615	81.49	36,004,455	75.54
Merchandise & Equipment Sales	1,569,400	14.26	10,067,623	21.12
Other Operating Income	467,458	4.25	1,590,316	3.34
Total Operating Income	11,002,473	100.00	47,662,394	100.00
Less Cost of Sales	1,282,852	11.66	8,125,306	17.05
Gross Operating Profit	9,719,621	88.34	39,537,088	82.95
OPERATING EXPENSES:				
Salaries and Wages	2,832,876	25.75	13,178,570	27.65
Employee Benefits and Taxes	327,539	2.98	1,633,258	3.43
Equipment Maintenance and Repair	697,342	6.34	3,386,207	7.10
Shop Supplies and Expense	402,432	3.66	1,216,691	2.55
Occupancy Cost	759,036	6.90	1,892,404	3.97
Bad Debts Expense	36,989	0.34	398,074	0.84
Office Supplies and Expenses	116,524	1.06	449,897	0.94
Associations and Travel Expense	108,023	0.98	316,741	0.66
Legal and Accounting	109,027	0.99	336,642	0.71
Telephone and Other Communications	139,358	1.27	364,713	0.77
Automobile and Truck Expense	202,538	1.84	873,240	1.83
Insurance	412,136	3.75	1,633,760	3.43
Advertising and Promotion	329,391	2.99	965,379	2.03
Other Taxes	124,098	1.13	582,448	1.22
Interest	425,485	3.87	1,067,386	2.24
Franchise Fees	49,961	0.45	127,591	0.27
Depreciation, Non-Rental Equipment	200,434	1.82	908,527	1.91
Other Operating Expenses	187,894	1.71	869,521	1.82
TOTAL OPERATING EXPENSES	7,461,158	67.81	30,201,049	63.36
Operating Profit Before Rental Depr.	2,258,463	20.53	9,336,039	19.59
Depreciation on Rental Equipment	1,155,054	10.50	4,363,597	9.16
OPERATING PROFIT	1,103,409	10.03	4,972,442	10.43
Other Income and Expense (Net)	30,434	0.28	136,935	0.29
NET INCOME BEFORE INCOME TAXES	1,133,843	10.31	5,109,377	10.72
NUMBER OF RESPONDENTS	73		68	

TABLE II–2. BALANCE SHEETS BY ANNUAL REVENUE, 1979

	$000–100,000		$100,001–200,000		$200,001–500,000		$500,001–1 Million		Over–1 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:										
Cash	118,720	5.74	739,300	6.89	2,753,830	8.71	2,664,757	8.31	6,195,224	5.89
Accounts Receivable (Net)	65,963	3.64	697,457	6.50	2,441,243	7.72	3,823,156	11.92	16,899,178	16.06
Merchandise Inventories	65,786	3.18	693,528	6.46	2,337,736	7.39	2,166,598	6.76	9,030,208	8.58
Marketable Securities	18,300	0.89	270,519	2.52	731,066	2.31	443,642	1.38	879,298	0.84
Prepaid Expenses	36,525	1.77	169,585	1.58	672,716	2.13	682,703	2.13	2,633,446	2.50
Supplies Inventory	8,356	0.40	22,849	0.21	177,164	0.56	97,139	0.30	176,119	0.17
Other Current Assets	11,711	0.57	100,965	0.94	670,061	2.12	475,402	1.48	1,379,890	1.31
Total Current Assets	356,356	17.19	2,694,203	25.11	9,783,816	30.95	10,353,397	32.28	37,192,367	35.36
Rental Equipment–Net Book Value	1,333,997	64.64	5,086,009	47.40	15,681,166	49.60	15,574,310	48.56	52,371,556	49.77
Other Fixed Assets–Net Book Value	349,156	16.89	2,267,812	21.14	5,028,386	15.91	5,219,151	16.27	10,547,101	10.02
Total Fixed Assets	1,683,153	81.43	7,353,821	68.54	20,710,552	65.51	20,793,461	64.83	62,918,657	59.78
Other Assets	28,548	1.38	680,984	6.35	1,120,502	3.54	925,169	2.88	5,114,261	4.86
TOTAL ASSETS	2,067,057	100.00	10,729,008	100.00	31,614,870	100.00	32,072,027	100.00	105,225,285	100.00
CURRENT LIABILITIES:										
Accounts Payable	84,758	4.10	453,456	4.23	1,522,052	4.82	1,851,016	5.77	7,787,027	7.37
Current Notes Payable	216,871	10.49	2,073,194	19.32	3,284,878	10.39	3,189,335	9.94	14,188,310	13.46
Contracts Payable	17,291	0.84	174,968	1.63	229,220	0.73	194,173	0.61	1,828,878	1.74
Customers' Rental Deposits	911	0.04	7,360	0.07	122,583	0.39	84,116	0.26	194,413	0.18
Accrued Expenses	64,068	3.10	43,586	0.41	556,904	1.76	660,304	2.06	3,192,494	3.03
Taxes Payable	26,589	1.24	125,008	1.17	549,246	1.74	647,432	2.02	2,517,606	2.39
Other Current Liabilities	140,031	6.77	62,739	0.58	816,287	2.58	262,505	0.82	1,049,330	1.00
Total Current Liabilities	549,520	26.58	2,940,311	27.41	7,081,945	22.40	6,888,881	21.48	30,708,048	29.18
Long-term Debt	705,751	34.50	3,177,293	29.61	7,804,129	24.68	7,546,177	23.53	18,214,611	17.78
Other Liabilities	7,891	0.37	449,918	4.19	1,410,586	4.46	1,206,718	3.76	2,168,843	2.06
Total Liabilities	1,352,662	65.45	6,567,522	61.21	16,296,660	50.91	15,641,776	48.77	52,091,502	49.01
Net Worth	714,073	34.55	4,161,486	38.79	15,318,210	49.09	16,430,251	51.23	53,133,783	50.99
TOTAL LIABILITIES AND NET WORTH	2,067,057	100.00	10,729,008	100.00	31,614,870	100.00	32,072,027	100.00	105,225,285	100.00
NUMBER OF RESPONDENTS	26		73		131		68		81	

TABLE II–3. FINANCIAL RATIOS BY REVENUE CATEGORY, 1976–1979

Financial Ratio	0–$100,000				$100,001–$200,000				$200,001–$500,000				$500,001–$1,000,000				Over 1 Million			
	1979	1978	1977	1976	1979	1978	1977	1976	1979	1978	1977	1976	1979	1978	1977	1976	1979	1978	1977	1976
Current Ratio	.65	1.82	.70	.84	.92	1.25	1.05	1.01	1.39	1.48	1.38	1.22	1.50	1.37	1.52	1.38	1.21	1.40	1.34	1.51
Acid Test Ratio	.42	1.36	.35	.55	.59	.67	.72	.72	.84	1.00	.85	.81	1.01	.94	.91	.85	.73	.79	.72	.77
Return on Investment	28.6%	12.7%	9.0%	9.3%	27.2%	29.9%	29.5%	26.9%	29.9%	31.2%	27.3%	21.1%	31.1%	31.6%	25.2%	16.2%	35.1%	36.7%	28.6%	27.2%
Return on Total Assets	9.9%	5.0%	3.7%	3.5%	10.6%	13.1%	13.8%	12.6%	14.7%	15.4%	14.0%	10.3%	15.9%	15.6%	11.9%	8.2%	14.4%	14.9%	11.8%	11.1%
Return on Revenues	10.3%	6.2%	4.2%	4.2%	10.3%	11.4%	11.3%	10.3%	10.3%	11.2%	10.4%	7.4%	10.7%	11.5%	8.1%	5.6%	10.3%	9.9%	8.1%	7.8%
Average Collection Period (Days)	18	34	20	17	20	14	15	17	20	22	27	26	28	36	34	35	42	50	45	47
Profits on Rental Investment	15.3%	9.3%	6.4%	6.6%	22.3%	25.2%	24.9%	24.2%	29.8%	30.6%	28.9%	20.2%	32.8%	30.6%	24.8%	17.6%	29.9%	36.0%	30.4%	32.1%
Total Revenues to Rental Investments	1.5	1.5	1.5	1.6	2.2	2.2	2.2	2.3	2.9	2.7	2.8	2.7	3.1	2.7	3.1	3.2	2.8	3.6	3.8	4.1
Rental Revenues to Rental Investments	1.3	1.3	1.2	1.3	1.8	1.8	1.8	1.9	2.2	2.2	2.1	2.2	2.3	2.0	2.2	2.1	1.8	1.8	1.8	2.0
PERCENTS OF GROSS OPERATING PROFIT:																				
Salaries & Wages	22.8	25.8	27.0	32.9	29.1	29.7	30.4	30.7	32.9	32.9	33.4	35.0	33.1	32.9	33.0	36.7	30.0	31.3	32.7	33.3
Employee Benefits	2.5	2.4	2.3	2.1	3.4	3.2	3.3	3.0	3.9	3.7	3.6	3.7	4.1	4.1	4.0	4.8	4.4	4.7	4.2	3.7
Total	24.9	28.2	29.3	35.0	32.5	32.9	33.7	33.7	36.8	36.6	37.0	38.7	37.4	37.0	37.0	41.5	34.4	36.0	36.9	37.0
Depreciation (All)	15.5	16.3	15.4	14.9	13.1	12.6	14.5	15.0	12.9	13.0	13.0	13.8	13.3	13.2	13.9	12.8	16.4	13.8	13.0	14.7
Occupancy Cost	9.7	10.6	9.8	10.7	7.9	8.7	7.6	7.5	6.1	5.7	6.6	6.5	4.9	4.9	5.4	5.6	6.0	4.5	4.7	5.1
Equipment Maintenance & Repair	7.3	7.9	10.0	8.7	7.2	6.8	7.3	7.6	8.1	8.0	8.3	8.6	8.9	9.1	9.2	8.6	9.0	7.4	6.9	7.4
Interest	7.5	6.0	5.6	5.1	4.4	4.1	3.4	3.2	3.0	2.9	2.9	3.2	2.7	2.8	2.7	2.7	3.5	3.5	3.6	3.8
Advertising & Promotion	4.0	4.7	3.9	3.9	3.4	4.0	2.9	3.4	2.8	2.8	2.8	2.6	2.4	2.2	2.4	2.7	1.8	1.7	1.8	1.6
Insurance	4.8	4.2	4.9	3.7	4.2	4.1	4.1	4.0	4.3	4.3	3.8	3.8	4.1	4.0	3.8	3.4	3.5	3.5	3.4	2.3
Shop Supplies & Expense	5.0	2.5	2.7	2.9	4.1	2.9	2.8	2.9	3.8	2.8	2.8	2.9	3.1	3.2	3.0	2.8	2.8	3.0	3.2	2.5
OPERATING PROFIT	9.4	5.8	4.4	3.6	11.4	12.9	12.6	11.2	11.3	12.3	11.6	8.0	12.6	12.9	10.4	7.4	13.6	15.4	12.9	12.2
NUMBER OF RESPONDENTS	28	27	30	33	73	54	68	67	131	116	102	111	69	75	55	42	61	50	48	36

SECTION III. FINANCIAL DATA RELATED TO SOURCE OF REVENUES

The table below compares key financial ratios for firms deriving most of their revenues from rentals vs. those recording significant sales.

Tables III-1 and III-2 contain income and expense and balance sheet data for rental firms in the two categories. Tables III-3 through III-6 present similar data by size of firm in these two groups.

	Over 70 Percent From Rentals				69 Percent Or Less Revenue From Rentals			
Financial Ratio	1979	1978	1977	1976	1979	1978	1977	1976
Current Ratio	1.2	1.3	1.2	1.2	1.3	1.5	1.4	1.5
Acid Test Ratio	.87	.95	.91	.91	.71	.76	.66	.68
Return on Investment	34.4%	33.4%	28.3%	23.0%	28.7%	34.2%	26.1%	23.4%
Return on Total Assets	10.4%	10.9%	15.0%	11.9%	10.6%	12.4%	9.5%	8.5%
Return on Revenues	12.4%	12.9%	11.3%	8.3%	7.0%	7.8%	6.3%	5.5%
Average Collection Period (Days)	30	31	31	32	42	51	44	44
Profits on Rental Investment	31.1%	32.2%	28.6%	22.7%	24.5%	33.2%	26.9%	28.7%
Total Revenues to Rental Investment	2.5	2.5	2.5	2.4	3.5	4.2	4.3	5.3
Rental Revenues to Rental Investment	2.1	2.1	2.2	2.1	1.5	1.6	1.5	1.9
PERCENTS OF GROSS OPERATING PROFIT:								
Salaries & Wages	31.1	31.2	31.8	33.9	31.3	33.2	34.0	35.6
Employee Benefits	4.0	3.9	3.7	3.7	4.6	4.8	4.2	4.1
Total	35.1	35.1	35.5	37.0	35.9	38.0	38.2	39.7
Depreciation (All)	14.1	13.6	13.6	14.6	15.1	13.1	12.9	13.3
Occupancy Cost	6.4	6.5	6.1	6.4	5.2	4.1	4.6	5.0
Equipment Maintenance & Repair	8.1	8.7	8.8	9.2	7.3	6.6	6.1	5.8
Interest	2.9	2.7	2.6	2.9	5.0	4.2	4.2	4.2
Advertising & Promotion	2.1	2.2	2.3	2.3	2.4	2.1	2.2	2.1
Insurance	4.0	4.2	4.2	3.8	3.4	3.1	2.8	2.5
Shop Supplies & Expense	3.4	3.3	3.1	2.8	2.7	2.5	2.9	2.7
OPERATING PROFIT	13.8	13.9	12.4	8.7	10.6	14.0	11.4	10.2
NUMBER OF RESPONDENTS	283	247	217	220	76	75	86	69

TABLE III–1. INCOME AND EXPENSE BY SOURCE OF REVENUE, 1979

	REVENUE FROM RENTALS			
	[redacted]		69 Percent or Less	
	Dollars	Percents	Dollars	Percents
Rental Income	[redacted]	[redacted]	40,845,113	43.37
Merchandise & Equipment Sales	[redacted]	[redacted]	50,975,322	54.13
Other Operating Income	[redacted]	[redacted]	2,357,068	2.50
Total Operating Income	[redacted]	[redacted]	94,177,503	100.00
Less Cost of Sales	[redacted]	[redacted]	38,153,643	40.51
Gross Operating Profit	[redacted]	[redacted]	56,023,860	59.49
OPERATING EXPENSES:				
Salaries and Wages	[redacted]	[redacted]	17,520,187	18.60
Employee Benefits and Taxes	[redacted]	[redacted]	2,571,848	2.73
Equipment Maintenance and Repair	[redacted]	[redacted]	4,113,297	4.37
Shop Supplies and Expense	[redacted]	[redacted]	1,523,278	1.62
Occupancy Cost	[redacted]	[redacted]	2,937,445	3.12
Bad Debts Expense	[redacted]	[redacted]	911,014	0.97
Office Supplies and Expenses	[redacted]	[redacted]	763,064	0.81
Associations and Travel Expense	[redacted]	[redacted]	540,759	0.57
Legal and Accounting	[redacted]	[redacted]	451,212	0.48
Telephone and Other Communications	[redacted]	[redacted]	697,332	0.74
Automobile and Truck Expense	[redacted]	[redacted]	1,429,890	1.52
Insurance	[redacted]	[redacted]	1,888,853	2.01
Advertising and Promotion	[redacted]	[redacted]	1,338,141	1.42
Other Taxes	[redacted]	[redacted]	691,179	0.73
Interest	[redacted]	[redacted]	2,804,316	2.98
Franchise Fees	[redacted]	[redacted]	22,657	0.02
Depreciation, Non-Rental Equipment	[redacted]	[redacted]	1,044,210	1.11
Other Operating Expenses	[redacted]	[redacted]	1,401,840	1.49
TOTAL OPERATING EXPENSES	[redacted]	[redacted]	42,650,522	45.29
Operating Profit Before Rental Depr.	[redacted]	[redacted]	13,373,338	14.20
Depreciation on Rental Equipment	[redacted]	[redacted]	7,422,191	7.88
OPERATING PROFIT	[redacted]	[redacted]	5,951,147	6.32
Other Income and Expense (Net)	[redacted]	[redacted]	620,924	0.66
NET INCOME BEFORE INCOME TAXES	[redacted]	[redacted]	6,572,071	6.98
NUMBER OF RESPONDENTS	[redacted]		76	

TABLE III–2. BALANCE SHEETS BY SOURCE OF REVENUE, 1979

	REVENUE FROM RENTALS			
	[illegible]		69 Percent or Less	
	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:				
Cash	[illegible]	[illegible]	2,734,776	4.40
Accounts Receivable (Net)	[illegible]	[illegible]	10,858,190	17.48
Merchandise Inventories	[illegible]	[illegible]	10,781,651	17.35
Marketable Securities	[illegible]	[illegible]	460,426	0.74
Prepaid Expenses	[illegible]	[illegible]	1,211,539	1.95
Supplies Inventory	[illegible]	[illegible]	58,753	0.09
Other Current Assets	[illegible]	[illegible]	495,506	0.80
Total Current Assets	[illegible]	[illegible]	26,600,841	42.82
Rental Equipment–Net Book Value	[illegible]	[illegible]	26,869,789	43.25
Other Fixed Assets–Net Book Value	[illegible]	[illegible]	6,250,086	10.06
Total Fixed Assets	[illegible]	[illegible]	33,119,875	53.31
Other Assets	[illegible]	[illegible]	2,405,963	3.87
TOTAL ASSETS	[illegible]	[illegible]	62,126,679	100.00
CURRENT LIABILITIES:				
Accounts Payable	[illegible]	[illegible]	5,748,254	9.25
Current Notes Payable	[illegible]	[illegible]	10,448,166	16.82
Contracts Payable	[illegible]	[illegible]	494,813	0.80
Customers' Rental Deposits	[illegible]	[illegible]	51,761	0.08
Accrued Expenses	[illegible]	[illegible]	1,466,245	2.36
Taxes Payable	[illegible]	[illegible]	931,450	1.50
Other Current Liabilities	[illegible]	[illegible]	594,715	0.96
Total Current Liabilities	[illegible]	[illegible]	19,735,404	31.77
Long-term Debt	[illegible]	[illegible]	18,641,048	30.00
Other Liabilities	[illegible]	[illegible]	879,648	1.42
Total Liabilities	[illegible]	[illegible]	39,256,100	63.19
Net Worth	[illegible]	[illegible]	22,870,579	36.81
TOTAL LIABILITIES AND NET WORTH	[illegible]	[illegible]	62,126,679	100.00
NUMBER OF RESPONDENTS	[illegible]		76	

TABLE III–3. INCOME AND EXPENSE FOR FIRMS DERIVING 70 PERCENT OR MORE OF REVENUES FROM RENTAL, 1979

	$100,001–200,000				$500,001–1 Million			
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
Rental Income	8,238,025	86.06			28,359,616	85.44		
Merchandise & Equipment Sales	1,022,435	10.68			3,872,812	11.67		
Other Operating Income	311,956	3.26			961,164	2.90		
Total Operating Income	9,572,416	100.00			33,193,592	100.00		
Less Cost of Sales	810,749	8.47			3,075,218	9.26		
Gross Operating Profit	8,761,667	91.53			30,118,374	90.74		
OPERATING EXPENSES:								
Salaries and Wages	2,525,282	26.38			10,044,727	30.26		
Employee Benefits and Taxes	295,237	3.08			1,302,155	3.92		
Equipment Maintenance and Repair	642,201	6.71			2,626,269	7.91		
Shop Supplies and Expense	366,117	3.82			959,762	2.89		
Occupancy Cost	704,093	7.36			1,400,403	4.22		
Bad Debts Expense	34,086	0.36			214,574	0.65		
Office Supplies and Expenses	99,224	1.04			318,392	0.96		
Associations and Travel Expense	93,596	0.98			248,964	0.75		
Legal and Accounting	95,067	0.99			260,874	0.79		
Telephone and Other Communications	122,756	1.28			274,877	0.83		
Automobile and Truck Expense	189,375	1.98			628,820	1.89		
Insurance	364,656	3.81			1,342,103	4.04		
Advertising and Promotion	280,272	2.93			687,459	2.07		
Other Taxes	111,572	1.17			496,307	1.50		
Interest	367,796	3.84			779,150	2.35		
Franchise Fees	49,961	0.52			127,591	0.38		
Depreciation, Non-Rental Equipment	183,413	1.92			725,070	2.18		
Other Operating Expenses	161,753	1.69			581,375	1.75		
TOTAL OPERATING EXPENSES	6,686,457	69.85			23,018,872	69.35		
Operating Profit Before Rental Depr.	2,075,210	21.68			7,099,502	21.39		
Depreciation on Rental Equipment	1,033,263	10.79			3,308,529	9.97		
Operating Profit	1,041,947	10.88			3,790,973	11.42		
Other Income and Expense (Net)	30,388	0.32			87,437	0.26		
NET INCOME BEFORE INCOME TAXES	1,072,335	11.20			3,878,410	11.68		
NUMBER OF RESPONDENTS	63				48			

TABLE III--4. BALANCE SHEETS FOR FIRMS DERIVING 70 PERCENT OR MORE OF REVENUES FROM RENTALS, 1979

	$000–100,000		$100,001–200,000		$200,001–500,000		$500,001–1 Million		Over–1 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:										
Cash	117,720	5.96	694,392	7.45	2,283,458	8.94	2,125,109	8.85	4,516,378	7.69
Accounts Receivable (Net)	94,963	4.83	591,760	6.35	1,737,196	6.80	2,358,258	9.82	8,316,630	14.16
Merchandise Inventories	65,786	3.34	415,708	4.46	957,201	3.75	806,841	3.36	1,266,670	2.16
Marketable Securities	6,300	0.32	270,519	2.90	703,023	2.75	440,142	1.83	462,415	0.79
Prepaid Expenses	36,525	1.86	153,164	1.64	520,548	2.04	608,463	2.53	1,663,730	2.83
Supplies Inventory	4,350	0.22	19,591	0.21	157,210	0.62	72,356	0.30	169,361	0.29
Other Current Assets	11,711	0.60	89,915	0.96	613,424	2.40	298,873	1.24	1,128,600	1.92
Total Current Assets	337,355	17.15	2,235,049	23.97	6,972,060	27.30	6,710,042	27.95	17,623,791	29.83
Rental Equipment–Net Book Value	1,256,997	63.90	4,546,832	48.76	13,230,130	51.81	12,435,089	51.79	31,708,201	53.98
Other Fixed Assets–Net Book Value	347,156	17.65	1,968,437	21.11	4,287,876	16.79	4,135,514	17.23	6,423,543	10.93
Total Fixed Assets	1,604,153	81.55	6,515,269	69.87	17,518,006	68.60	16,570,603	69.02	38,131,744	64.91
Other Assets	25,546	1.30	575,024	6.17	1,044,549	4.09	728,102	3.03	3,090,266	5.26
TOTAL ASSETS	1,967,054	100.00	9,325,342	100.00	25,534,617	100.00	24,008,747	100.00	58,745,801	100.00
CURRENT LIABILITIES:										
Accounts Payable	81,758	4.16	292,608	3.14	1,040,537	4.08	921,577	3.84	3,584,371	6.10
Current Notes Payable	216,877	11.03	1,867,156	20.02	2,089,050	8.18	2,466,509	10.27	5,844,836	9.95
Contracts Payable	17,291	0.88	104,968	1.13	200,538	0.79	115,540	0.48	1,511,295	2.57
Customers' Rental Deposits	911	0.05	7,260	0.08	104,320	0.41	75,367	0.31	169,725	0.29
Accrued Expenses	64,050	3.26	35,600	0.38	440,530	1.73	520,706	2.17	1,990,201	3.39
Taxes Payable	25,583	1.30	110,092	1.18	442,501	1.73	523,053	2.18	1,832,193	3.12
Other Current Liabilities	140,036	7.12	22,474	0.24	629,969	2.47	206,364	0.86	737,325	1.26
Total Current Liabilities	546,501	27.78	2,440,158	26.17	4,947,461	19.38	4,829,116	20.11	15,670,035	26.67
Long-term Debt	770,985	39.19	2,757,765	29.57	6,384,806	25.00	5,819,783	24.24	13,963,905	23.77
Other Liabilities	7,696	0.39	284,195	3.05	1,356,729	5.31	1,190,855	4.96	1,524,639	2.60
Total Liabilities	1,325,181	67.37	5,482,118	58.79	12,689,006	49.69	11,839,754	49.31	31,158,274	53.04
Net Worth	641,873	32.63	3,843,224	41.21	12,845,611	50.31	12,168,993	50.69	27,587,526	46.96
TOTAL LIABILITIES AND NET WORTH	1,967,054	100.00	9,325,342	100.00	25,534,617	100.00	24,008,747	100.00	58,745,801	100.00
NUMBER OF RESPONDENTS	25		63		111		48		98	

TABLE III–5. INCOME AND EXPENSE FOR FIRMS DERIVING 69 PERCENT OR LESS OF REVENUES FROM RENTAL, 1979

	$000–100,000		$100,001–200,000		$200,001–500,000		$500,001–1 Million		Over–1 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
Rental Income	[illegible]	67.02	727,590	50.88	[illegible]	47.90	7,644,839	52.84	[illegible]	40.78
Merchandise & Equipment Sales	[illegible]	31.91	546,965	38.25	[illegible]	47.54	6,194,811	42.81	[illegible]	57.47
Other Operating Income	1,000	1.06	155,502	10.87	[illegible]	4.50	629,152	4.35	[illegible]	1.75
Total Operating Income	[illegible]	100.00	1,430,057	100.00	[illegible]	100.00	14,468,802	100.00	[illegible]	100.00
Less Cost of Sales	[illegible]	31.91	472,103	33.01	[illegible]	32.73	5,050,088	34.90	[illegible]	42.63
Gross Operating Profit	[illegible]	[illegible]	957,954	66.99	[illegible]	67.27	9,418,714	65.10	[illegible]	57.37
OPERATING EXPENSES:										
Salaries and Wages	[illegible]	15.96	307,594	21.51	[illegible]	23.16	3,133,843	21.66	[illegible]	17.46
Employee Benefits and Taxes	4,800	5.11	32,302	2.26	[illegible]	3.00	331,103	2.29	[illegible]	2.79
Equipment Maintenance and Repair	3,000	3.19	55,141	3.86	[illegible]	3.90	759,938	5.25	[illegible]	4.24
Shop Supplies and Expense	2,000	2.13	36,315	2.54	[illegible]	2.03	256,929	1.78	[illegible]	1.52
Occupancy Cost	[illegible]	12.77	54,943	3.84	[illegible]	3.99	492,001	3.40	[illegible]	2.96
Bad Debts Expense	500	0.53	2,903	0.20	[illegible]	0.82	183,500	1.27	[illegible]	0.94
Office Supplies and Expenses	1,000	1.06	17,300	1.21	[illegible]	0.87	131,505	0.91	[illegible]	0.78
Associations and Travel Expense	1,300	1.38	14,432	1.01	[illegible]	0.70	67,777	0.47	[illegible]	0.57
Legal and Accounting	300	0.32	14,030	0.98	[illegible]	0.82	75,768	0.52	[illegible]	0.43
Telephone and Other Communications	3,600	3.83	16,602	1.16	[illegible]	0.89	89,836	0.62	[illegible]	0.74
Automobile and Truck Expense	1,000	1.06	13,163	0.92	[illegible]	1.44	244,420	1.69	[illegible]	1.50
Insurance	3,600	3.83	47,480	3.32	[illegible]	3.28	291,657	2.02	[illegible]	1.85
Advertising and Promotion	1,000	1.06	49,119	3.43	[illegible]	1.71	277,920	1.92	[illegible]	1.26
Other Taxes	400	0.43	12,526	0.88	[illegible]	0.73	86,141	0.60	[illegible]	0.76
Interest	1,500	1.60	57,689	4.03	[illegible]	2.67	288,236	1.99	[illegible]	3.19
Franchise Fees	800	0.85	0	0.00	[illegible]	0.14	0	0.00	[illegible]	0.02
Depreciation, Non-Rental Equipment	1,000	1.06	17,021	1.19	[illegible]	1.09	183,457	1.27	[illegible]	1.08
Other Operating Expenses	0	0.00	26,141	1.83	[illegible]	2.02	288,146	1.99	[illegible]	1.33
TOTAL OPERATING EXPENSES	[illegible]	56.17	774,701	54.17	[illegible]	53.33	7,182,177	49.64	[illegible]	43.37
Operating Profit Before Rental Depr.	11,200	11.91	183,253	12.81	[illegible]	13.96	2,236,537	15.46	[illegible]	14.00
Depreciation on Rental Equipment	3,000	3.19	121,791	8.52	[illegible]	6.78	1,055,068	7.29	[illegible]	6.11
OPERATING PROFIT	[illegible]	8.72	61,462	4.30	[illegible]	7.17	1,181,469	8.17	[illegible]	8.89
Other Income and Expense (Net)	0	0.00	46	0.00	[illegible]	0.11	49,498	0.34	[illegible]	0.82
NET INCOME BEFORE INCOME TAXES	[illegible]	8.72	61,508	4.30	[illegible]	7.05	1,230,967	8.51	[illegible]	6.71
NUMBER OF RESPONDENTS	1		10		[illegible]		20		[illegible]	

TABLE III–6. BALANCE SHEETS FOR FIRMS DERIVING 69 PERCENT OR LESS OF REVENUES FROM RENTAL, 1979

	$5000–100,000		$100,001–200,000		$200,001–500,000		$500,001–1 Million		Over–1 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:										
Cash	1,000	1.00	44,908	3.20	470,373	7.74	539,648	6.69	1,676,848	3.61
Accounts Receivable (Net)	1,000	1.00	105,697	7.53	704,047	11.58	1,464,898	18.17	8,582,548	18.47
Merchandise Inventories	0	0.00	277,820	19.79	1,380,538	22.71	1,359,757	16.86	7,763,538	16.70
Marketable Securities	12,000	12.00	0	0.00	28,043	0.46	3,500	0.04	416,882	0.90
Prepaid Expenses	0	0.00	16,421	1.17	152,468	2.50	74,240	0.92	968,718	2.08
Supplies Inventory	4,000	4.00	3,258	0.23	19,954	0.33	24,783	0.31	6,787	0.01
Other Current Assets	0	0.00	11,050	0.79	66,837	0.99	176,529	2.19	261,287	0.54
Total Current Assets	18,000	18.00	459,154	32.71	2,811,756	46.24	3,643,355	45.18	19,666,518	42.31
Rental Equipment–Net Book Value	77,000	77.00	539,177	38.41	2,451,038	40.31	3,139,221	38.93	20,663,358	44.44
Other Fixed Assets–Net Book Value	2,000	2.00	299,375	21.33	741,506	12.20	1,083,637	13.44	4,123,540	8.87
Total Fixed Assets	79,000	79.00	838,552	59.74	3,192,544	52.51	4,222,858	52.37	24,786,898	53.31
Other Assets	3,000	3.00	105,960	7.55	75,952	1.25	197,067	2.44	2,053,648	4.42
TOTAL ASSETS	100,000	100.00	1,403,666	100.00	6,080,252	100.00	8,063,280	100.00	46,479,464	100.00
CURRENT LIABILITIES:										
Accounts Payable	3,000	3.00	160,848	11.46	482,310	7.93	929,439	11.53	4,172,000	8.98
Current Notes Payable	0	0.00	206,038	14.68	1,186,822	19.52	722,826	8.96	8,330,400	17.92
Contracts Payable	0	0.00	70,000	4.99	28,681	0.47	78,633	0.98	317,400	0.68
Customers' Rental Deposits	0	0.00	100	0.01	18,227	0.30	8,749	0.11	24,000	0.05
Accrued Expenses	0	0.00	7,986	0.57	116,388	1.91	139,598	1.73	1,008,000	2.17
Taxes Payable	0	0.00	14,916	1.06	106,743	1.76	124,379	1.54	680,000	1.47
Other Current Liabilities	0	0.00	40,265	2.87	186,316	3.06	56,141	0.70	311,000	0.67
Total Current Liabilities	3,000	3.00	500,153	35.63	2,134,470	35.11	2,059,765	25.55	14,853,000	31.96
Long-term Debt	24,000	24.00	419,528	29.89	1,219,318	20.06	1,726,394	21.41	11,251,000	24.21
Other Liabilities	0	0.00	165,723	11.81	53,865	0.89	15,863	0.20	814,270	1.75
Total Liabilities	27,000	27.00	1,085,404	77.33	3,407,653	56.04	3,802,022	47.15	26,918,270	57.92
Net Worth	72,000	72.00	318,262	22.67	2,672,599	43.96	4,261,258	52.85	19,561,194	42.08
TOTAL LIABILITIES AND NET WORTH	100,000	100.00	1,403,666	100.00	6,080,252	100.00	8,063,280	100.00	46,479,464	100.00
NUMBER OF RESPONDENTS			10		20		20		20	

SECTION IV. FINANCIAL DATA RELATED TO TYPE OF EQUIPMENT RENTED

Description of Three Categories

Responding firms were placed into one of three major rental categories:

1. Construction and Industrial – Air compressors/air tools; asphalt/bituminous equipment; compaction, concrete equipment, conveyors; cranes; generators/alternators; engines, pumps/hoses; sand blasting/steam cleaners; scaffolding/shoring equipment; tractors/earth moving equipment; welders; barricades.

2. General Rental – Small hand/electric tools; gasoline powered tools; homeowner equipment; household equipment; small air compressors/air tools; utility trailers/hook-up equipment; baby equipme[illegible] rollaway beds; reducing equipment; camping equipme audio-visual equipment; TV sets; local/one way syst[illegible] trucks; sports and recreational equipment; automotive; plumbing, painting, electrical tools; lawn/garden equipment; material handling equipment.

3. Medical-party, Audio-visual, and Others – Party equipment including tables, chairs, silver, glasses, linens; bars, rotisseries; disposables; medical equipment including wheelchairs, hospital beds, whirlpools, commodes, convalescent and sick room equipment; mobile equipment; and specialty equipment including furniture and office equipment, convention and exhibition equipment, audio-visual equipment, costume rentals, television sets, clothes washers/dryers, refrigerators, cameras.

Construction and Industrial Equipment

The 167 respondents in this category had $171.3 million in revenues, or an average of over one million per firm.

Construction and industrial firms achieved increases in both ROI and return on revenues. ROI in 1979 was 34.9 percent, highest since the cost-of-doing business surveys were initiated. Return on revenues of 11.2 percent also exceeded any prior year.

Average pre-tax profits were $115,000 in 1979, up from $110,700 in 1978 and $81,900 in 1977.

On the expense side, wages and employee benefits were down two full percentage points to 34.3 percent of gross operating profit in 1979. Depreciation (15.6 percent vs. 13.6 percent in 1978) and equipment maintenance and repair (8.8 percent) were both up.

The financial condition of firms in this group dropped off slightly in 1979. The current ratio was 1.23 vs. 1.39 in both 1977 and 1978. Total net worth of $54.8 million was 43.9 percent of total assets.

General Rental

Profitability of general rental firms was off in 1979. Return on investment dropped from 35.9 percent in 1978 to 27.3 percent in 1979. Return on revenues was also off: 8.4 percent in 1979 compared with 11.1 percent in 1978. The average general rental firm earned $36,400 in 1979, off nearly $6,000 from the $42,000 per firm reported in 1978.

The financial condition of general rental firms also declined, although not as markedly as the profitability measures. The current ratio was 1.28 in 1979 vs. 1.41 a year earlier.

Medical and Party Goods; Audio-Visual

The 18 firms responding in 1979 averaged $42,100 in pre-tax profits. ROI was a high 39.6 percent, and return on revenues was 12.1 percent.

Firms in this category reported a healthy current ratio of 1.75. Current liabilities were only 19.3 percent of total assets, below both the other two groups of rental firms. Cash was 9.4 percent of all assets.

Tables IV-1 and IV-2 contain income and expense statements and balance sheets for firms in the three categories. Table IV-3 includes key financial ratios.

TABLE IV–1. INCOME AND EXPENSE BY TYPE OF EQUIPMENT RENTED, 1979

	Construction & Industrial		General Rental		Medical Party Audio-Visual, Etc.		Insert Your Own Figures Here
	Dollars	Percents	Dollars	Percents	Dollars	Percents	
Rental Income			57,757,053	76.39			
Merchandise & Equipment Sales			15,376,045	20.34			
Other Operating Income			2,479,516	3.28			
Total Operating Income			75,612,614	100.00			
Less Cost of Sales			11,272,716	14.91			
Gross Operating Profit			64,339,898	85.09			
OPERATING EXPENSES:							
Salaries and Wages			21,138,961	27.96			
Employee Benefits and Taxes			2,631,002	3.48			
Equipment Maintenance and Repair			5,551,049	7.34			
Shop Supplies and Expense			2,205,316	2.92			
Occupancy Cost			4,443,501	5.88			
Bad Debts Expense			484,881	0.64			
Office Supplies and Expenses			760,830	1.01			
Associations and Travel Expense			507,946	0.67			
Legal and Accounting			801,262	1.06			
Telephone and Other Communications			628,408	0.83			
Automobile and Truck Expense			1,256,264	1.66			
Insurance			3,101,698	4.10			
Advertising and Promotion			1,654,798	2.19			
Other Taxes			957,634	1.27			
Interest			2,056,196	2.72			
Franchise Fees			410,762	0.54			
Depreciation, Non-Rental Equipment			1,086,937	1.44			
Other Operating Expenses			1,413,678	1.87			
TOTAL OPERATING EXPENSES			51,091,123	67.57			
Operating Profit Before Rental Depr.			13,248,775	17.52			
Depreciation on Rental Equipment			6,871,366	9.09			
OPERATING PROFIT			6,377,409	8.43			
Other Income and Expense (Net)			-51,248	-0.07			
NET INCOME BEFORE INCOME TAXES			6,326,161	8.37			
NUMBER OF RESPONDENTS			174				

TABLE IV–2. BALANCE SHEETS BY TYPE OF EQUIPMENT RENTED, 1979

	General Rental		Insert Your Own Figures Here
	Dollars	Percents	
CURRENT ASSETS:			
Cash	3,721,312	7.12	
Accounts Receivable (Net)	4,539,601	8.68	
Merchandise Inventories	3,672,402	7.03	
Marketable Securities	997,729	1.91	
Prepaid Expenses	1,006,957	1.93	
Supplies Inventory	192,131	0.37	
Other Current Assets	1,126,232	2.15	
Total Current Assets	15,256,364	29.19	
Rental Equipment–Net Book Value	26,158,908	50.04	
Other Fixed Assets–Net Book Value	7,635,146	14.61	
Total Fixed Assets	33,794,054	64.65	
Other Assets	3,222,340	6.16	
TOTAL ASSETS	52,272,758	100.00	
CURRENT LIABILITIES:			
Accounts Payable	2,577,478	4.93	
Current Notes Payable	5,812,057	11.12	
Contracts Payable	217,175	0.42	
Customers' Rental Deposits	156,708	0.30	
Accrued Expenses	1,191,264	2.28	
Taxes Payable	1,051,011	2.01	
Other Current Liabilities	920,873	1.76	
Total Current Liabilities	11,926,566	22.82	
Long-term Debt	14,672,572	28.07	
Other Liabilities	2,464,952	4.72	
Total Liabilities	29,064,090	55.60	
Net Worth	23,208,668	44.40	
TOTAL LIABILITIES AND NET WORTH	52,272,758	100.00	
NUMBER OF RESPONDENTS	174		

TABLE IV–3. FINANCIAL RATIOS BY TYPE OF EQUIPMENT RENTED, 1976–1979

Financial Ratio	Construction & Industrial				General Rentals				Medical-Party Audio-Visual, Etc.			
	1979	1978	1977	1976	1979	1978	1977	1976	1979	1978	1977	1976
Current Ratio	1.23	1.39	1.39	1.47	1.28	1.41	1.14	1.16	1.75	1.76	1.76	1.32
Acid Test Ratio	.80	.85	.79	.78	.75	.85	.65	.75	1.20	1.04	.71	.96
Return on Investment	24.9%	33.5%	27.6%	22.4%	27.3%	35.9%	27.4%	24.1%	29.8%	27.2%	22.5%	29.8%
Return on Total Assets	15.3%	14.6%	12.4%	9.4%	12.1%	15.8%	12.2%	12.2%	16.6%	15.3%	8.3%	14.1%
Return on Revenues	11.2%	10.3%	8.8%	6.9%	9.4%	11.1%	8.6%	8.6%	12.1%	11.3%	5.1%	8.0%
Average Collection Period (Days)	40	47	44	45	22	23	22	21	29	29	31	34
Profits on Rental Investment	31.0%	33.3%	30.6%	24.9%	24.2%	31.1%	22.8%	23.4%	29.6%	32.6%	23.6%	36.6%
Total Revenues to Rental Investment	2.8	3.2	3.5	3.6	2.9	2.8	2.7	2.7	2.8	2.9	4.6	4.6
Rental Revenues to Rental Investment	1.8	1.8	1.9	1.9	2.2	2.2	2.0	2.2	2.7	2.3	2.5	2.7
PERCENTS OF GROSS OPERATING PROFIT:												
Salaries & Wages	30.1	31.7	32.5	34.4	32.8	31.6	32.2	33.5	36.3	36.3	40.2	39.2
Employee Benefits	4.2	4.6	4.1	4.0	4.1	3.5	3.6	3.6	4.1	4.0	4.3	2.9
Total	34.3	36.3	36.6	38.4	36.9	35.1	35.8	37.1	41.4	40.3	44.5	42.1
Depreciation (All)	15.6	13.6	13.2	14.5	12.4	13.4	13.9	13.8	9.8	11.0	11.1	10.6
Occupancy Cost	4.6	4.4	4.8	5.2	6.9	6.4	7.0	7.0	6.8	6.3	7.3	5.4
Equipment Maintenance & Repair	8.8	7.8	7.7	7.6	8.8	8.9	8.3	9.1	4.8	6.1	3.8	3.8
Interest	3.7	3.3	3.3	3.8	3.2	3.3	3.2	2.8	2.8	2.9	2.2	2.5
Advertising & Promotion	1.9	2.0	2.1	1.9	2.8	2.5	2.6	2.7	2.8	3.2	3.5	4.4
Insurance	3.3	3.7	3.4	2.7	4.8	4.2	3.9	3.8	4.1	4.9	4.8	3.3
Shop Supplies & Expense	3.1	3.2	2.6	2.4	3.4	2.6	4.3	3.2	3.1	3.1	1.9	3.3
OPERATING PROFIT	14.4	14.8	12.9	10.1	9.8	12.3	10.6	9.5	13.8	10.9	6.3	10.5
NUMBER OF RESPONDENTS	167	156	150	117	174	138	135	159	18	28	18	13

SECTION V. FINANCIAL DATA RELATED TO REGION

FIGURE V–1. RETURN ON INVESTMENT
IN EACH A.R.A. REGION, 1978 & 1979

Table V-1 contains income and expense data by region, and Table V-2 presents balance sheet information. Key ratios for 1977-1979 for firms in each of the 10 regions are in Table V-3.

TABLE V–1. INCOME AND EXPENSE BY REGION, 1979

	Northeast 1		Eastern 2		Southeast 3		Southwest 4		Great Lakes 5	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
Rental Income	6,014,506	67.15	16,872,758	56.94	13,690,507	72.79	23,225,585	80.33	20,333,664	63.58
Merchandise & Equipment Sales	3,298,969	37.59	11,877,802	40.08	4,648,667	24.72	4,957,272	17.15	14,814,018	44.29
Other Operating Income	461,557	5.26	883,392	2.98	469,751	2.50	730,935	2.53	823,395	2.17
Total Operating Income	8,775,026	100.00	29,633,952	100.00	18,808,925	100.00	28,913,792	100.00	37,971,068	100.00
Less Cost of Sales	2,212,472	25.21	9,489,522	32.02	2,929,120	15.57	3,714,189	12.85	12,454,487	32.80
Gross Operating Profit	6,562,554	74.79	20,144,430	67.98	15,879,805	84.43	25,199,603	87.15	25,516,571	67.20
OPERATING EXPENSES:										
Salaries and Wages	2,216,467	25.26	6,684,076	22.56	5,006,884	26.62	6,977,429	24.13	8,807,988	23.20
Employee Benefits and Taxes	346,059	3.94	945,937	3.19	585,415	3.11	902,351	3.12	1,251,882	3.30
Equipment Maintenance and Repair	354,105	4.04	1,184,180	4.00	1,195,343	6.36	2,043,870	7.07	2,023,237	5.33
Shop Supplies and Expense	176,334	2.01	489,662	1.65	516,782	2.75	1,204,807	4.17	742,917	1.96
Occupancy Cost	435,241	4.96	1,328,287	4.48	806,838	4.29	1,840,620	6.37	1,442,238	3.80
Bad Debts Expense	58,682	0.67	257,303	0.87	177,675	0.94	189,937	0.66	336,879	0.89
Office Supplies and Expenses	114,742	1.31	239,928	0.81	186,971	0.99	283,594	0.98	323,427	0.85
Associations and Travel Expense	56,786	0.65	265,808	0.90	138,414	0.74	149,544	0.52	198,468	0.52
Legal and Accounting	56,193	0.64	159,731	0.54	115,438	0.61	208,238	0.72	210,563	0.55
Telephone and Other Communications	51,987	0.59	231,855	0.78	177,743	0.94	183,298	0.63	302,222	0.80
Automobile and Truck Expense	136,266	1.55	485,180	1.64	375,344	2.00	671,938	2.32	398,223	1.05
Insurance	290,733	3.31	803,217	2.71	637,394	3.39	919,552	3.18	1,064,823	2.79
Advertising and Promotion	173,104	1.97	559,491	1.89	347,727	1.85	495,316	1.71	590,481	1.56
Other Taxes	64,642	0.74	332,547	1.12	317,746	1.69	198,086	0.69	332,630	0.88
Interest	231,856	2.64	938,557	3.17	464,662	2.47	545,024	1.88	774,602	2.04
Franchise Fees	39,624	0.45	25,370	0.09	46,786	0.25	30,779	0.11	74,153	0.20
Depreciation, Non-Rental Equipment	117,092	1.33	338,267	1.14	467,287	2.48	676,693	2.34	399,604	1.05
Other Operating Expenses	152,902	1.74	514,817	1.74	223,288	1.19	265,923	0.92	394,467	1.04
TOTAL OPERATING EXPENSES	5,072,816	57.81	15,784,213	53.26	11,786,638	62.67	17,786,999	61.52	19,669,899	51.77
Operating Profit Before Rental Depr.	1,489,738	16.98	4,360,217	14.71	4,093,170	21.76	7,412,604	25.64	5,857,769	15.43
Depreciation on Rental Equipment	647,207	7.38	2,378,340	8.03	2,108,846	11.21	3,485,354	12.05	2,673,288	7.04
OPERATING PROFIT	842,531	9.60	1,981,877	6.69	1,984,324	10.55	3,927,250	13.58	3,184,481	8.39
Other Income and Expense (Net)	-5,521	-0.06	119,255	0.40	-26,686	-0.14	483,672	1.67	37,788	0.10
NET INCOME BEFORE INCOME TAXES	837,010	9.54	2,101,132	7.09	1,957,638	10.41	4,410,922	15.26	3,222,173	8.49
NUMBER OF RESPONDENTS	20		38		32		36		54	

TABLE V–1. INCOME AND EXPENSE BY REGION, 1979 (Continued)

	Midwest 6		Rocky Mountain 7		Northwest 8		Pacific 9		Canada 10	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
Rental Income	13,498,003	77.28	17,445,117	80.57	24,236,118	88.73	28,195,210	77.50	13,234,718	72.27
Merchandise & Equipment Sales	3,432,844	19.65	2,982,803	13.78	7,049,018	25.80	6,734,287	18.51	4,507,478	24.61
Other Operating Income	539,976	3.09	1,224,675	5.66	975,182	2.77	1,450,669	3.99	569,917	3.11
Total Operating Income	17,470,823	100.00	21,652,595	100.00	25,260,308	100.00	36,380,166	100.00	18,312,113	100.00
Less Cost of Sales	2,674,176	15.31	2,407,476	11.12	7,180,988	20.37	7,128,489	19.59	3,668,873	20.04
Gross Operating Profit	14,796,646	84.69	19,245,119	88.88	28,079,319	79.63	29,251,677	80.41	14,643,240	79.96
OPERATING EXPENSES:										
Salaries and Wages	4,474,122	25.61	6,448,327	29.78	8,311,425	23.57	8,332,522	22.90	4,840,480	26.21
Employee Benefits and Taxes	487,167	2.79	1,049,950	4.85	1,139,688	3.23	1,223,889	3.36	446,488	2.43
Equipment Maintenance and Repair	1,677,292	9.60	1,988,487	9.18	2,169,887	6.15	3,064,416	8.42	1,496,780	8.17
Shop Supplies and Expense	425,456	2.44	568,910	2.63	1,164,481	3.30	730,079	2.01	334,458	1.83
Occupancy Cost	751,291	4.30	853,597	3.94	1,124,923	3.19	1,043,789	2.87	1,028,991	5.62
Bad Debts Expense	98,237	0.56	189,433	0.87	309,186	0.88	333,232	0.92	252,048	1.33
Office Supplies and Expenses	119,624	0.68	224,367	1.04	280,281	0.79	269,801	0.74	252,380	1.38
Associations and Travel Expense	83,476	0.54	126,618	0.58	219,471	0.62	251,222	0.69	183,816	1.00
Legal and Accounting	309,886	1.77	138,328	0.64	240,886	0.68	201,802	0.55	152,994	0.84
Telephone and Other Communications	142,386	0.82	110,234	0.51	238,120	0.68	184,117	0.51	197,456	1.08
Automobile and Truck Expense	325,618	1.86	175,887	0.81	509,180	1.44	583,519	1.60	439,526	2.40
Insurance	728,886	4.17	611,941	2.83	1,146,529	3.26	1,254,660	3.45	203,587	1.11
Advertising and Promotion	413,496	2.37	331,812	1.53	475,667	1.35	477,653	1.31	435,194	2.38
Other Taxes	206,057	1.18	297,016	1.37	422,886	1.20	371,739	1.02	144,492	0.79
Interest	642,222	3.19	459,834	2.12	1,161,964	3.30	1,095,985	3.01	731,083	3.99
Franchise Fees	142,031	0.82	5,362	0.02	29,736	0.08	99,620	0.27	0	0.00
Depreciation, Non-Rental Equipment	142,986	0.82	287,006	1.33	336,037	0.96	533,866	1.47	314,864	1.72
Other Operating Expenses	290,771	1.66	521,916	2.41	789,623	2.24	877,938	2.41	221,252	1.21
TOTAL OPERATING EXPENSES	11,369,729	65.06	14,389,025	66.45	20,068,869	56.92	20,929,849	57.53	11,633,646	63.53
Operating Profit Before Rental Depr.	3,426,923	19.62	4,856,094	22.43	8,009,358	22.71	8,321,828	22.87	3,009,606	16.44
Depreciation on Rental Equipment	1,855,647	10.62	2,035,973	9.40	4,187,439	11.86	3,768,950	10.36	1,932,517	10.55
OPERATING PROFIT	1,571,280	8.99	2,820,121	13.02	3,821,919	10.84	4,552,878	12.51	1,077,089	5.88
Other Income and Expense (Net)	-51,180	-0.29	163,750	0.76	183,485	0.52	-241,906	-0.66	-191,861	-1.05
NET INCOME BEFORE INCOME TAXES	1,520,099	8.70	2,983,871	13.78	4,005,404	11.36	4,310,972	11.85	885,228	4.83
NUMBER OF RESPONDENTS	43		35		28		29		28	

TABLE V–2. BALANCE SHEETS BY REGION, 1979

	Northeast 1		Eastern 2		Southeast 3		Southwest 4		Great Lakes 5	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:										
Cash	389,637	7.53	1,150,860	5.78	1,066,882	7.86	1,612,056	6.93	1,574,274	7.12
Accounts Receivable (Net)	682,937	13.20	2,758,360	13.86	1,684,596	12.41	2,253,776	9.69	3,884,811	17.57
Merchandise Inventories	921,908	17.81	2,137,224	10.74	967,882	7.13	884,857	3.80	3,990,842	18.05
Marketable Securities	57,808	1.12	290,633	1.46	469,710	3.46	115,260	0.50	411,897	1.86
Prepaid Expenses	103,352	2.00	660,871	3.32	275,021	2.03	467,353	2.01	470,492	2.13
Supplies Inventory	16,949	0.33	850	0.00	33,029	0.24	3,242	0.01	57,956	0.26
Other Current Assets	121,253	2.34	271,659	1.36	76,647	0.56	280,658	1.21	215,143	0.97
Total Current Assets	2,293,844	44.32	7,270,457	36.52	4,573,585	33.69	5,617,202	24.15	10,604,907	47.96
Rental Equipment–Net Book Value	2,027,002	39.16	9,707,585	48.76	6,051,818	44.58	12,098,901	52.01	8,415,476	38.06
Other Fixed Assets–Net Book Value	615,383	11.89	2,487,706	12.50	2,257,313	16.63	3,358,727	14.44	2,609,423	11.80
Total Fixed Assets	2,642,385	51.05	12,195,291	61.26	8,309,132	61.21	15,457,628	66.45	11,024,899	49.86
Other Assets	239,440	4.63	442,123	2.22	691,424	5.09	2,187,042	9.40	483,446	2.19
TOTAL ASSETS	5,175,669	100.00	19,907,871	100.00	13,574,121	100.00	23,261,872	100.00	22,113,274	100.00
CURRENT LIABILITIES:										
Accounts Payable	408,136	7.89	1,633,026	8.20	598,029	4.41	1,103,327	4.74	1,793,211	8.11
Current Notes Payable	343,575	6.64	4,509,839	22.65	2,112,168	16.56	2,489,658	10.70	3,016,646	13.64
Contracts Payable	18,000	0.35	47,544	0.24	33,964	0.25	37,722	0.16	167,081	0.71
Customers' Rental Deposits	11,932	0.23	48,804	0.25	28,638	0.21	146,916	0.63	58,546	0.26
Accrued Expenses	91,520	1.77	469,269	2.36	205,853	1.52	489,001	2.10	542,963	2.46
Taxes Payable	121,366	2.34	243,163	1.22	251,234	1.85	54,115	0.23	313,206	1.42
Other Current Liabilities	89,686	1.73	175,316	0.88	119,708	0.88	171,706	0.74	288,269	1.30
Total Current Liabilities	1,084,204	20.95	7,126,961	35.80	3,349,774	24.68	4,492,445	19.31	6,169,809	27.90
Long-term Debt	1,250,910	24.17	5,404,016	27.15	3,036,166	22.37	6,914,990	29.73	4,305,981	19.68
Other Liabilities	216,303	4.18	875,639	4.40	229,011	1.68	306,202	1.32	925,481	4.19
Total Liabilities	2,551,417	49.30	13,406,616	67.34	6,614,951	48.73	11,713,637	50.36	11,401,271	51.57
Net Worth	2,624,252	50.70	6,501,255	32.66	6,959,169	51.27	11,548,235	49.64	10,821,995	48.03
TOTAL LIABILITIES AND NET WORTH	5,175,669	100.00	19,907,871	100.00	13,574,121	100.00	23,261,872	100.00	22,113,274	100.00
NUMBER OF RESPONDENTS	20		38		29		36		54	

TABLE V–2. BALANCE SHEETS BY REGION, 1979 (Continued)

	Rocky Mountain 7		Pacific 9	
	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:				
Cash	1,703,273	9.55	1,828,742	7.56
Accounts Receivable (Net)	1,738,957	9.75	3,637,788	15.04
Merchandise Inventories	614,112	3.44	1,061,251	4.39
Marketable Securities	373,362	2.09	278,179	1.15
Prepaid Expenses	357,745	2.01	981,808	4.06
Supplies Inventory	21,319	0.12	29,726	0.12
Other Current Assets	199,621	1.12	322,670	1.33
Total Current Assets	5,008,389	28.08	8,140,164	33.65
Rental Equipment–Net Book Value	9,265,846	51.96	12,668,822	52.37
Other Fixed Assets–Net Book Value	2,729,835	15.31	2,435,437	10.07
Total Fixed Assets	11,995,681	67.26	15,104,259	62.44
Other Assets	829,630	4.65	947,511	3.92
TOTAL ASSETS	17,833,700	100.00	24,191,934	100.00
CURRENT LIABILITIES:				
Accounts Payable	892,543	5.00	1,453,898	6.01
Current Notes Payable	1,238,388	6.94	2,961,977	12.24
Contracts Payable	327,256	1.84	1,244,531	5.14
Customers' Rental Deposits	18,986	0.11	51,262	0.21
Accrued Expenses	862,643	4.84	627,102	2.59
Taxes Payable	383,479	2.15	492,431	2.04
Other Current Liabilities	26,232	0.15	11,801	0.05
Total Current Liabilities	3,749,527	21.02	6,843,002	28.29
Long-term Debt	3,713,103	20.82	6,471,637	26.75
Other Liabilities	270,474	1.52	281,522	1.16
Total Liabilities	7,733,104	43.36	13,596,161	56.20
Net Worth	10,100,596	56.64	10,595,773	43.80
TOTAL LIABILITIES AND NET WORTH	17,833,700	100.00	24,191,934	100.00
NUMBER OF RESPONDENTS	35		29	

TABLE V–3. FINANCIAL RATIOS BY REGION, 1977–1979

Financial Ratio	Northeast 1		1977	Eastern 2		1977	Southeast 3		1977	Southwest 4		1977	Great Lakes 5		1977
Current Ratio	2.8	2.84	2.83	1.00	1.17	1.34	1.37	1.63	1.80	1.25	1.57	1.60	1.41	1.53	1.30
Acid Test Ratio	1.04	1.36	1.25	.58	.69	.89	.90	1.08	.87	.86	1.09	1.10	.86	.78	.60
Return on Investment	31.2%	26.6%	18.9%	32.3%	37.0%	22.5%	28.1%	31.9%	21.9%	36.2%	32.0%	32.9%	30.3%	28.6%	33.0%
Return on Total Assets	16.2%	15.0%	8.9%	10.6%	13.4%	8.8%	14.4%	16.4%	10.5%	18.9%	18.2%	20.9%	14.6%	12.0%	11.5%
Return on Revenues	9.6%	8.3%	5.0%	7.1%	9.0%	4.9%	10.4%	11.2%	8.0%	16.3%	17.2%	16.3%	8.6%	8.6%	7.2%
Average Collection Period (Days)	36	36	29	36	36	31	36	36	37	26	36	38	51	52	43
Profits on Rental Investment	41.2%	36.2%	40.0%	21.6%	27.6%	19.8%	32.3%	35.7%	25.8%	36.6%	35.6%	45.3%	36.3%	31.0%	30.0%
Total Revenues to Rental Investment	4.5	4.5	8.0	3.1	3.1	4.1	3.1	3.3	3.2	2.4	2.7	2.8	4.5	3.8	4.2
Rental Revenues to Rental Investment	2.4	2.4	3.6	1.7	1.9	2.5	2.3	2.3	1.8	1.5	2.0	2.0	2.4	1.8	1.6
PERCENTS OF GROSS OPERATING PROFIT:															
Salaries & Wages	33.8	38.4	40.0	33.9	32.4	34.8	31.8	32.2	35.5	27.7	27.6	29.1	34.5	35.2	32.9
Employee Benefits	5.2	5.4	7.3	4.1	3.7	3.9	3.7	3.6	3.4	3.6	4.1	3.5	4.8	5.3	4.5
Total	39.1	42.9	47.3	37.0	36.1	38.7	35.5	35.8	38.9	31.3	31.8	32.6	39.4	40.5	37.4
Depreciation (All)	11.8	12.3	9.3	13.8	14.7	15.3	13.3	14.8	13.2	16.8	16.1	13.8	12.8	12.8	13.8
Occupancy Cost	6.8	8.1	11.3	5.8	6.0	6.4	5.7	4.8	5.5	2.8	3.3	3.3	5.7	6.2	6.0
Equipment Maintenance & Repair	6.4	4.7	4.1	5.8	6.8	6.5	7.8	5.3	6.0	4.5	6.8	9.2	7.8	6.0	6.4
Interest	3.8	2.8	2.3	4.7	3.3	2.9	2.8	2.5	2.1	2.2	2.0	2.4	3.0	3.8	4.6
Advertising & Promotion	2.8	2.8	2.1	2.8	2.8	3.1	2.8	2.3	2.1	2.0	1.7	1.8	2.3	2.6	2.6
Insurance	4.4	5.1	4.4	4.0	4.5	3.9	4.8	4.3	3.3	3.8	3.6	3.6	4.1	3.4	3.1
Shop Supplies & Expense	2.7	3.0	2.6	2.8	3.6	2.7	3.2	2.8	2.3	4.5	5.1	2.2	2.6	2.0	2.1
OPERATING PROFIT	12.3	11.4	7.0	8.8	11.8	6.2	12.8	13.4	12.6	16.4	20.1	20.4	12.8	12.4	12.2
NUMBER OF RESPONDENTS	36	36	14	30	30	28	36	40	40	34	36	26	54	50	54

TABLE V–3. (Continued)

Financial Ratio	Midwest 6			Rocky Mountain 7			Northwest 8			Pacific 9			Canada 10		
	1979	1978	1977	1979	1978	1977	1979	1978	1977	1979	1978	1977	1979	1978	1977
Current Ratio	1.21	1.20	.97	1.34	1.53	1.85	1.12	1.37	.92	1.19	1.44	1.11	.96	1.09	1.40
Acid Test Ratio	.59	.73	.46	1.00	1.17	1.36	.78	.77	.56	.94	.98	.75	.64	.84	.71
Return on Investment	23.7%	28.6%	19.0%	29.6%	26.8%	21.7%	35.1%	21.6%	30.0%	40.7%	32.0%	31.9%	13.0%	13.3%	19.0%
Return on Total Assets	11.7%	14.0%	8.6%	16.7%	14.8%	13.4%	14.0%	9.4%	10.4%	17.8%	19.4%	14.9%	6.3%	7.2%	4.8%
Return on Revenues	8.7%	11.0%	6.8%	13.8%	13.5%	12.6%	11.4%	8.2%	8.1%	11.8%	12.9%	9.8%	4.8%	6.0%	3.6%
Average Collection Period (Days)	20	23	23	20	34	37	38	46	39	36	34	34	56	59	54
Profits on Rental Investment	20.3%	23.6%	13.9%	32.2%	30.9%	27.9%	23.8%	18.3%	19.1%	34.0%	27.6%	30.9%	18.1%	19.9%	20.6%
Total Revenues to Rental Investment	2.5	2.5	2.0	2.3	2.3	2.2	2.1	3.0	2.4	2.6	2.9	3.2	3.2	6.3	5.7
Rental Revenues to Rental Investment	1.8	1.8	1.5	1.9	1.8	1.8	1.4	1.3	1.3	2.3	2.1	2.4	2.4	3.1	3.0
PERCENTS OF GROSS OPERATING PROFIT:															
Salaries & Wages	30.5	29.7	30.7	33.8	34.3	35.3	29.6	27.6	29.3	28.9	29.4	29.8	32.4	37.1	40.1
Employee Benefits	3.9	3.4	3.4	3.8	4.9	5.2	4.1	5.2	3.8	4.2	4.8	3.8	3.0	2.7	3.1
Total	33.5	33.1	34.1	36.6	39.2	40.5	33.7	32.8	33.1	32.7	33.8	33.6	35.8	39.8	43.2
Depreciation (All)	13.8	13.8	15.9	12.1	12.0	12.1	16.1	17.2	16.8	14.7	12.0	11.9	15.3	11.1	10.3
Occupancy Cost	5.1	5.7	6.2	4.8	4.2	5.0	4.0	5.0	5.6	3.8	4.8	5.0	7.0	8.6	6.2
Equipment Maintenance & Repair	11.3	11.3	11.5	10.3	10.2	9.5	7.7	6.8	7.0	10.5	9.8	8.6	10.2	6.8	6.9
Interest	3.7	3.3	3.1	2.6	3.4	2.5	4.1	5.0	4.2	3.7	2.3	2.7	5.0	5.3	5.7
Advertising & Promotion	2.8	2.7	3.0	1.7	1.8	1.8	1.7	2.4	2.2	1.5	1.5	2.0	3.0	2.5	2.2
Insurance	4.8	4.8	4.5	3.9	3.1	3.2	4.1	3.6	2.9	4.2	5.7	4.9	1.4	1.4	1.8
Shop Supplies & Expense	2.8	1.5	2.2	3.5	2.6	1.7	4.1	3.7	6.1	2.5	3.1	4.4	2.3	2.1	3.0
OPERATING PROFIT	10.8	14.1	8.9	14.7	14.1	14.0	13.0	11.3	11.9	15.8	16.6	11.2	7.4	8.1	5.8
NUMBER OF RESPONDENTS	43	33	32	36	28	22	36	25	32	29	31	33	28	27	22

A2665-1

ERRATA

Page 23 Figure V-1 Return on Investment
in each A.R.A. Region, 1978 & 1979

Return on Investment figures shown in green refers to 1979 figures rather than the 1978 figures as shown.
Please file this page in your Cost of Doing Business Survey report in front of Page 23.